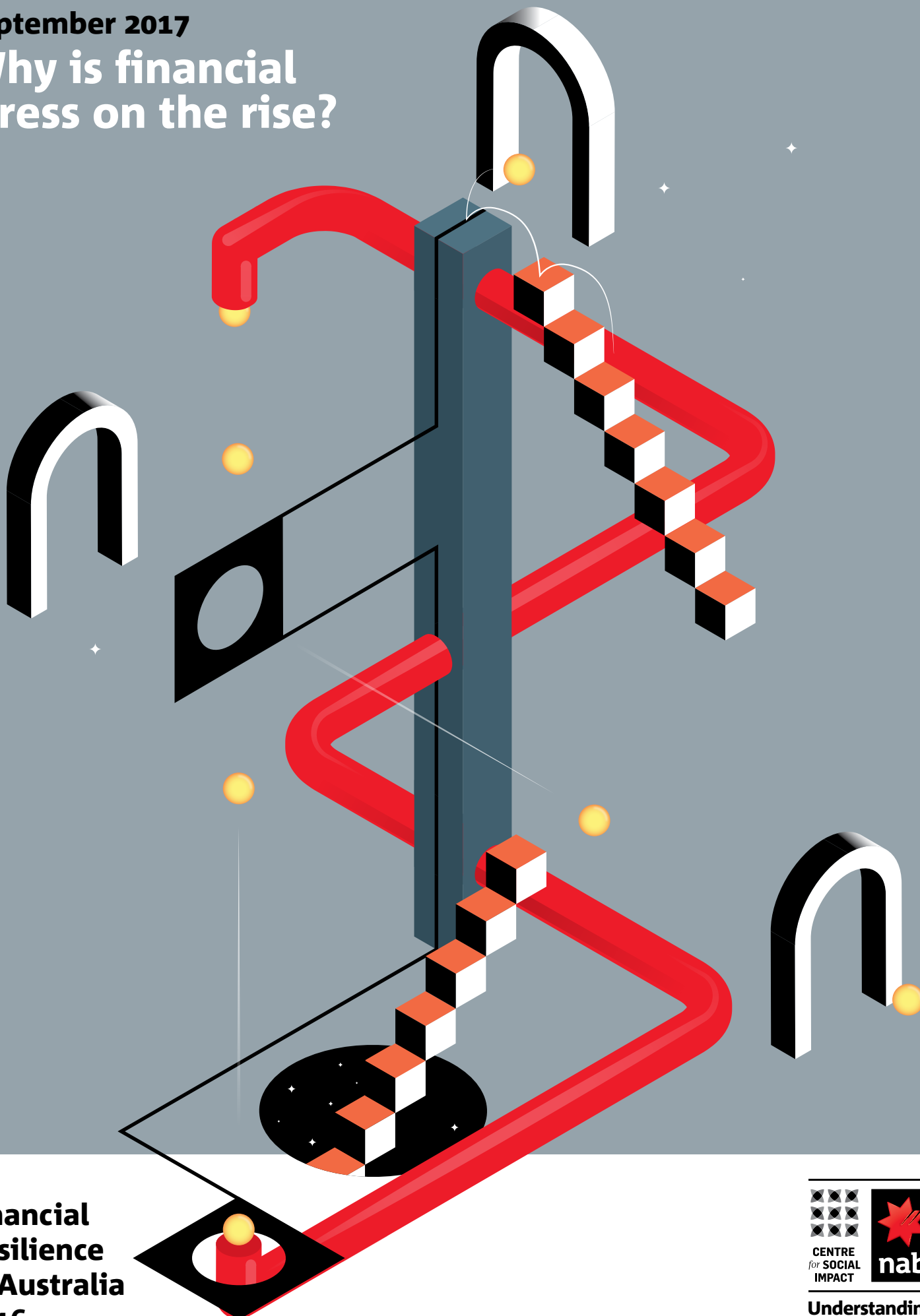


September 2017

Why is financial stress on the rise?



**Financial
Resilience
in Australia
2016**





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Foreword from CSI and NAB

Financial shocks affect all of us at one stage or another in our lives.

But how well are we positioned for this? Can we recover? What supports are available to us to manage these shocks and bounce back. In other words, how is our financial resilience?

To address a problem, you need to understand it. This is why NAB and CSI joined together more than eight years ago to explore the many reasons behind why many Australians are financially excluded. The reasons are understandably complex.

As a result, in 2015, we broadened our research to understand the level of financial resilience of adults in Australia. Importantly, financial resilience isn't just about an individual's ability to cope with a financial shock. It also relies on a range of supports and resources. This report looks beyond traditional measures of financial inclusion (i.e. financial products and services). It goes deeper to also understand people's incomes, savings, ability to manage debts, living costs, ability to find funding in an emergency, their access to support from family, friends, community organisations and government, and their financial capability. Importantly, this report builds on the August 2016 report to show how we're faring over time.

The news is mixed. We know it's about more than money. We're faring better in some areas than others, but we know that resilience rests on four key pillars: economic resources, financial products and services, financial knowledge and behaviour,

and social capital. These pillars provide a strong foundation. Our focus now should be on helping organisations and individuals understand ways that they can further strengthen financial resilience so that Australians are equipped to recover from financial shocks, regardless of income.

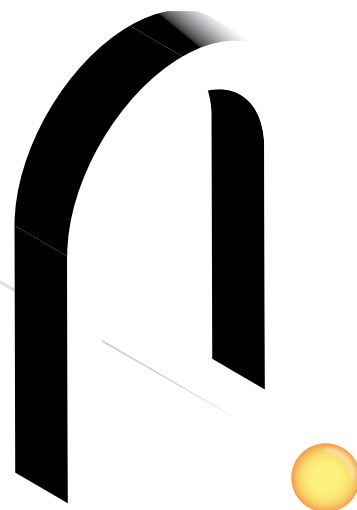
We are committed to this work now and into the future as we look to help more Australians weather financial bumps in the road. Sharing the results of this research is one more way we can make progress and help others to also better serve our communities as a whole so people, and our economy, prosper.

Elliot Anderson

Head of Financial Inclusion, NAB

Professor Kristy Muir

CEO, Centre for Social Impact



About the Research

Research Team

The project research team consists of Axelle Marjolin, Professor Kristy Muir, Dr Ioana Ramia, Julian Trofimovs, and Dr Abigail Powell.

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View reports at:
www.nab.com.au/financialresilience

and
www.csi.edu.au/financialresilience

The UNSW Human Research Ethics Committee granted ethical approval of this research project on 14/07/2015.

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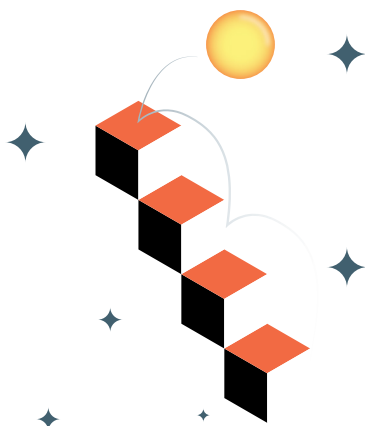
The following organisations and individuals have provided valuable contributions to this research.

Centre for Social Impact
www.csi.edu.au

The Centre for Social Impact (CSI) is a national research and education centre dedicated to catalysing social change for a better world. CSI is built on the foundation of three of Australia's leading universities: UNSW Sydney, The University of Western Australia, and Swinburne University of Technology. Our research develops and brings together knowledge to understand current social challenges and opportunities; our postgraduate and undergraduate education develops social impact leaders; and we aim to catalyse change by drawing on these foundations and translating knowledge, creating leaders, developing usable resources, and reaching across traditional divides to facilitate collaborations.

NAB
www.nab.com.au

For more than 150 years, we have been helping our customers with their money. Today, we have more than 35,000 people serving 10 million customers at more than 800 locations in Australia, New Zealand and around the world. We have built our business on understanding our customers and supporting them. We aim to take the hard work out of banking. As Australia's largest business bank, we work with small, medium and large businesses to help them start, run and grow. We fund some of the most important infrastructure in our communities – including schools, hospitals and roads.



At NAB, we take our role in society seriously and we're proudly passionate about being responsible, inclusive and socially innovative. We know that the role we play in the lives of our customers is about more than money. We can help people to build their resilience to withstand life's big and little "shock" and help them get back on track as quickly as possible. We can help our customers with new insights, and use our skills, resources and networks to build their capabilities. And we set out to challenge the norm, to look for opportunities to and take strong leadership on the big issues facing our customers and communities, and to lead social change through new ways of doing business.

Roy Morgan Research

www.roymorgan.com

Roy Morgan Research Roy Morgan Research has more than 70 years' experience tracking consumer and social trends, and developing innovative methodologies and new technologies. Proudly independent, we've built a reputation based on our accurate data and products which include our extensive Single Source survey, and new digital research technologies such as Helix Personas, and Roy Morgan Audiences. Single Source, Helix Personas, and Roy Morgan Audiences integrate together to provide a comprehensive digital and offline customer engagement, marketing and media strategy offering. For information on how Roy Morgan Research can help your business, contact: AskRoyMorgan@RoyMorgan.com

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Erratum

Please note that an earlier version of this report contained incorrect data due to a data formatting error. It was previously reported that the proportion of people who reported they could raise \$2,000 through savings was 7.9%, when it should be 70.7%. Also, the proportion of people who reported they could raise \$2,000 through family and friends was previously reported as 70.7%, when it should be 7.9%.



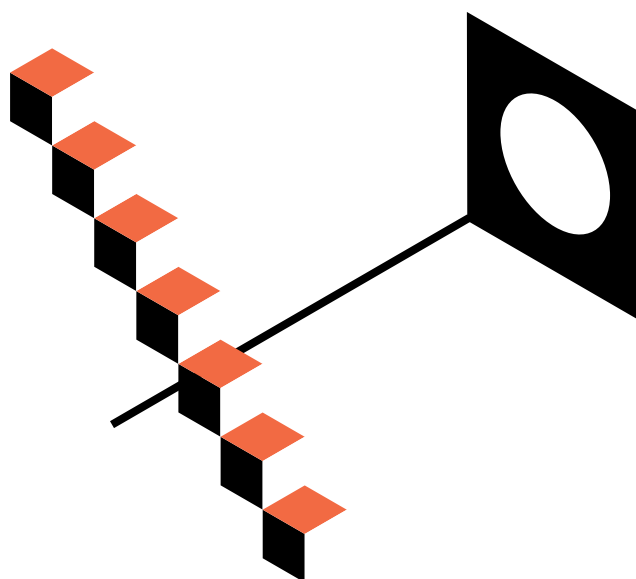
Executive Summary

Despite an uninterrupted record of two decades of GDP growth in Australia^[1], individual and household economic markers suggest a more precarious position at an individual and household level. Income inequality^[2] is high, household debt levels are up^[3], the cost of living is higher than the increase in CPI^{[A][5]} and this year's financial resilience report finds that the number of people facing financial vulnerability in Australia has increased.

The overall level of financial resilience in Australia decreased between 2015 to 2016. In 2016, 2.4 million adults were financially vulnerable and there was a significant decrease in the proportion who were financially secure (35.7% to 31.2%).

Looking at the components of financial resilience, between 2015 and 2016: the mean level of economic resources did not significantly change

and, in good news, people's levels of financial knowledge and behaviour significantly increased. However, people's levels of access to external resources – financial products and services and social capital – significantly decreased and while savings behaviours were up, the amount of savings people have to rely upon has gone down.



[A] While overall CPI for 2016 was 1.3, the rate at which the price of housing (including utilities [4]) increased was 1.7. Similarly, the price of furnishings, household equipment and services, and the price of health increased by more than CPI (1.5 and 4.2 respectively). Calculations were based on original data and expressed as an average of annual percentage change from corresponding quarter last year [5].

Economic resources: stayed the same overall but there are concerns about savings markers

- On average, adults in Australia were better able to access funds in an emergency in 2016 (77.6% in 2015 to 81.4% in 2016). But almost 1 in 5 still could not, or did not know if they could raise \$2,000 in a week and this rate was worse than findings by the ABS in 2014 (when approximately 1 in 8 were not able to find money in an emergency⁽⁶⁾).
- Of those who reported they could raise \$2,000 in an emergency, 70.7% would do so through savings.
- While more people were saving in 2016 compared to 2015, less money was being saved relative to people's income. Almost one in three (31.6%) adults had no savings or were just two pay packets (<1 month of savings) away from serious financial stress if they were to lose their jobs. Like in 2015, almost 1 in 2 reported having less than three months of income saved (46.6 and 45.5% respectively).

Financial products and services: access has gotten worse

- People were more likely to report having no access to any form of credit in 2016 (25.6%) compared to 2015 (20.2%) and no form of insurance (11.8% in 2016 compared to 8.7% in 2015).
- A higher proportion of people reported having access to credit through fringe providers in 2016 (5.4%) compared to 2015 (1.7%).
- There were no differences in the reported level of unmet need for credit overall, between 2015 (3.8%) and 2016 (3.7%). However, 1 in 10 reported having an unmet need for more insurance (10.0% compared to 9.7% in 2015) and an additional 11.6% (compared to 6.4% in 2015) did not know if they needed more insurance.

Financial knowledge and behaviour: has improved

- Adults in Australia reported having a higher level of both understanding of and confidence using financial products and services in 2016 than in 2015. In 2016, 5.5% reported having no confidence using financial products and services and 4.5% reported no understanding at all, compared to 8.2% and 9.2% respectively in 2015.

- There was a positive change in the population's reported approach to seeking financial advice, with more people reported seeking advice at the time of the survey (7.8% in 2016 compared to 4.8% in 2015).
- More people reported saving regularly in 2016 (60.2%) compared to 2015 (56.4%).

Social capital: has decreased

- Although social capital overall decreased between 2015 and 2016, more people reported having regular contact with their social connections (68% compared to 36.6%).
- A lower proportion of the population reported needing community or government support in 2016.
- However, the proportion of people reporting a need for support but no access to it grew from 3.2% in 2015 to 5.3% in 2016.

Who is doing better? Who is faring worse?

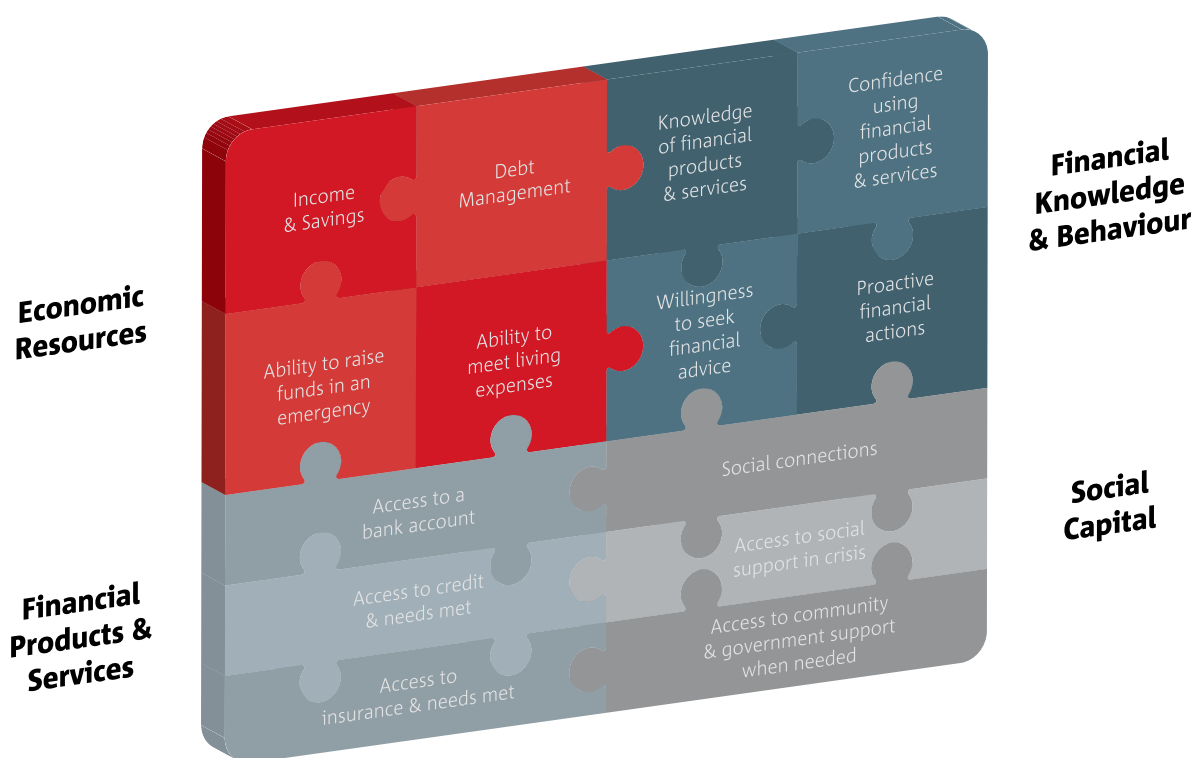
- Income, educational attainment and employment were all positively associated with financial security
- Established home owners were also more likely to be financially secure, while people living in very short-term rentals were more likely to be in severe financial stress.
- Younger people under 35 years of age were less likely than other age groups to experience financial security.
- A higher proportion of people born in a non-English speaking country were in the severe and high financial stress categories, than people born in an English-speaking country, including Australia.
- Mental illness was also negatively correlated to financial security, with a higher proportion of people with a mental illness experiencing severe or high financial stress (44.7% compared to 9.3% of people with no mental illness).

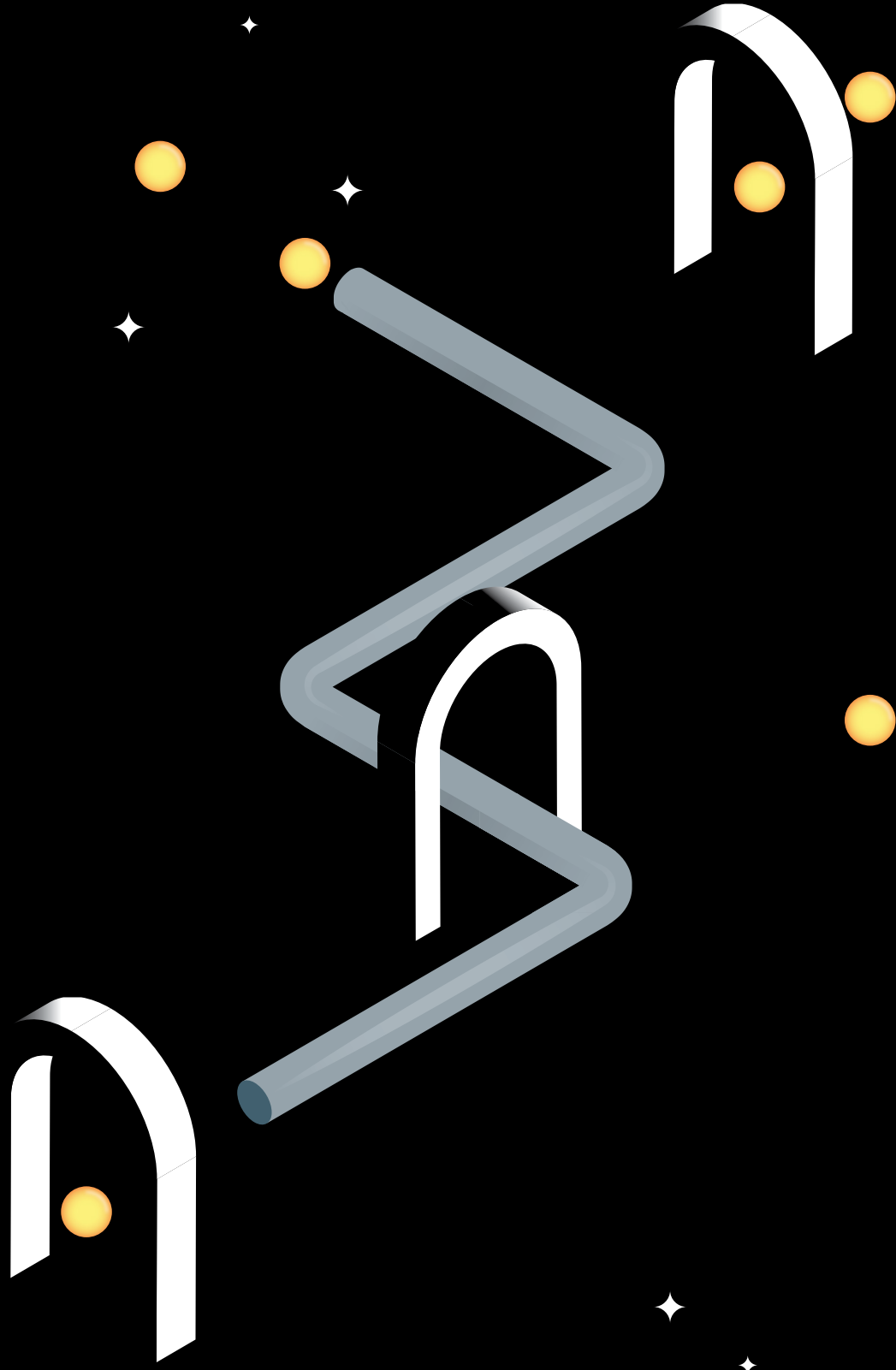
Implications and next steps

As the puzzle pieces demonstrate (Figure 1) financial resilience relies on having a range of resources to draw from – internally and externally. What these results show is that while internal resources, such as people's levels of financial knowledge and behaviours have improved, external resources such as access to appropriate and affordable financial products and services have not. Further while more people are saving, savings levels have decreased, more people are struggling to meet living expenses and manage debts and people are less able to rely on social

and community connections for financial support when they need it. Collectively, these results place more individuals at risk of financial vulnerability in times of individual, household and economic shock. Further research will be undertaken on the 2016 data to get a deeper understanding of the issues. In the meantime, this research reinforces the need for a concerted increased cross-sectoral response – from governments, corporates (especially financial institutions), not-for-profits and small to medium sized enterprises – to help improve financial resilience in Australia.

Figure 1:
Components of financial resilience







Introduction

In 2015, the Centre for Social Impact, in partnership with NAB, developed a multi-dimensional framework for financial resilience, and measured for the first time the level of financial resilience of adults in Australia. This report is the second of a multi-year project that seeks to understand financial resilience in Australia and how to best enable and support people to bounce back in times of financial adversity.

Background

Australia has seen an uninterrupted two decades of GDP growth^[1], however, individual and household economic markers suggest a more precarious position at an individual and household level. Income inequality^[2] is high, household debt levels are up^[3], and the cost of living is higher than the increase in CPI^{[B][5]}. There is a pressing need to have a deeper understanding of the financial resilience of adults in Australia.

The Centre for Social Impact and NAB have partnered between 2011 and 2014 to measure financial exclusion in Australia. Financial exclusion

is defined as a “lack of access to appropriate and affordable financial services and products”^[7: 8]. The three financial products and services necessary to be financially included are: a bank account, a credit card, and general insurance^[7].

In November 2014, CSI put forward a new financial resilience framework to understand how adults in Australia cope with financial shocks. The financial resilience framework builds on previous financial exclusion research. It also allows some of the shortcomings of only measuring access to financial products and services to be addressed (see Muir, Reeve et al^[2] for more information).

[B] While overall CPI for 2016 was 1.3, the rate at which the price of housing (including utilities [4]) increased was 1.7. Similarly, the price of furnishings, household equipment and services, and the price of health increased by more than CPI (1.5 and 4.2 respectively). Calculations were based on original data and expressed as an average of annual percentage change from corresponding quarter last year [5].

Defining financial resilience

Financial resilience is defined as “the ability to access and draw on internal capabilities and appropriate, acceptable and accessible external resources and supports in times of financial adversity”^[8; 13]. The framework was built around four types of resources identified as being crucial to financial resilience:

1. **Economic resources:** income; savings; debt management; capacity to raise \$2000 in an emergency; and ability to meet cost of living expenses
2. **Financial products and services:** access to, and demand for bank accounts; credit; and insurance
3. **Financial knowledge and behaviour:** knowledge of, and confidence using financial products and services; use and willingness to use financial advice; and proactive financial behaviours
4. **Social capital:** level of social connections; likelihood of getting financial support from social connections in times of crisis; and the need for and access to community and government support

Report series

This report is the first and main report in a series scheduled for release in 2017 that explores financial resilience in Australia. It presents a headline measure of financial resilience in Australia in 2016 and the population's level of resources across all four components of financial resilience: economic resources, financial products and services, financial knowledge and behaviour and social capital. It also discusses changes in financial resilience in Australia, between 2015 and 2016, and explores how groups identified as vulnerable to severe or high financial stress in 2015 fare in 2016. The other reports in the series focus on the financial products and services component of financial resilience, and financial resilience and employment.

Methodology

This project builds on the financial resilience framework and tool developed in 2015^[8], in partnership with NAB. Based on lessons from the 2015 analysis and feedback from stakeholders, the survey was further refined in 2016. The scoring methodology used to assess respondents' level of resources across all four components, and their level of financial resilience overall remained the same^[9].

The findings in this report are based on 2,006 survey responses, weighted to be representative of the adult population in Australia across age, gender and geographic location. All respondents were aged 18+ and completed the survey online in December 2016^[10].

The survey was administered by Roy Morgan Research using OzPanel, a robust online consumer panel. OzPanel is unique in that the panel is primarily recruited via random, representative, address-based sampling from the Roy Morgan Single Source survey, which incorporates approximately 50,000 interviews predominantly face-to-face in both city and country areas each year with people aged 14+.

The statistical analysis was undertaken in Stata 14.0. The changes in financial resilience between 2015 and 2016 were analysed and tested for statistical significance using independent sample t-tests, Chi-square tests and analyses of variance (ANOVA). While care has been taken during the analysis, it is important to note that some of the observed differences might be partly due to changes to the question wording and response options between 2015 and 2016. This is further discussed throughout the report, across questions where such changes were applied.

[C] Further details about the financial resilience framework and tool, and methodology can be found in Appendix 3.

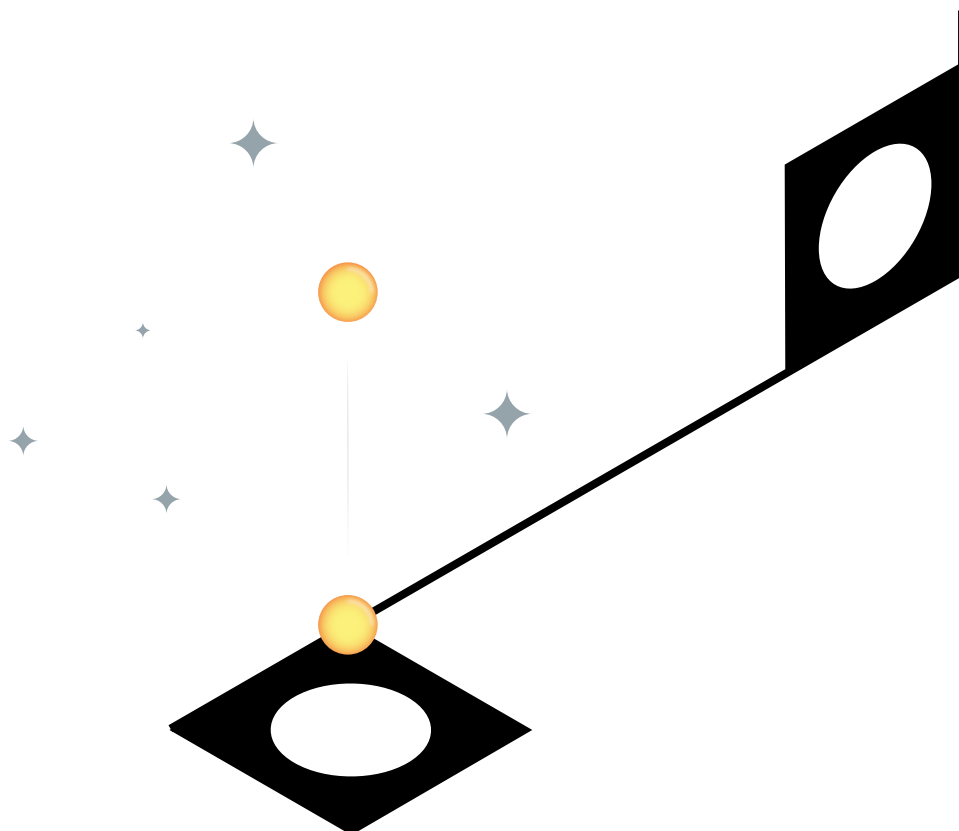
[D] Further details about the financial resilience framework and tool, and methodology can be found in Appendix 1.

**The ability to
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Financial Resilience In Australia

In 2016, close to 13% of the adult population in Australia, that is around 2.4 million people aged 18 and over, experienced severe or high financial stress. Particularly, 0.6% experienced severe financial stress and 12.0% experienced high financial stress (Figure 2). This represents an increase from 2015, when the combined proportion of adults in severe or high financial stress was 11.1%^{[E][8]}. However, this difference was not statistically significant. On the other hand, there was a significant decrease from 35.7% to 31.2% in the proportion of people financially secure between the two years.



[E] This is comprised of 0.7% in the severe financial stress category and 10.4% in the high financial stress category.

Figure 2:
Financial resilience - population segments

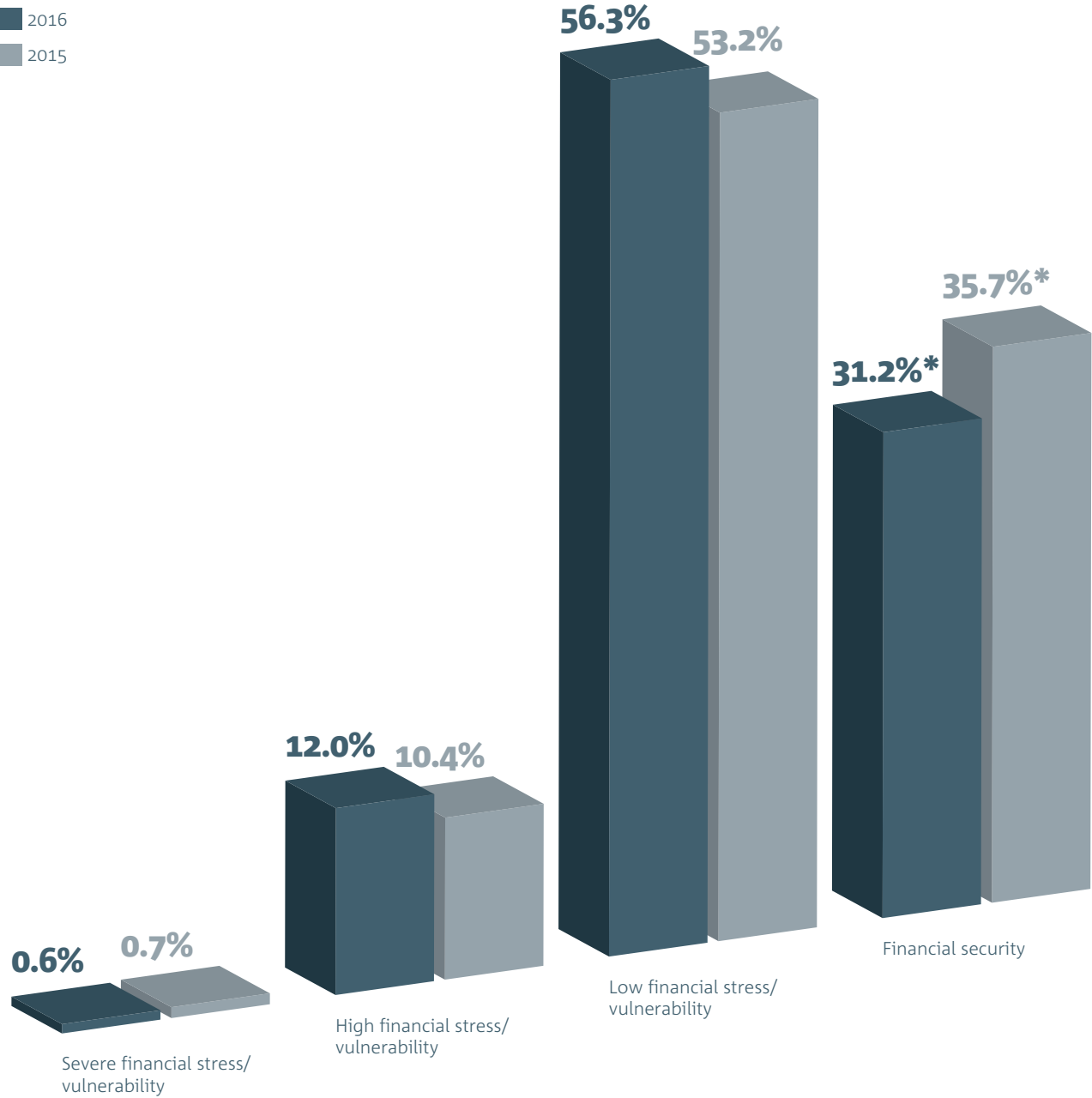


Figure 2 Source: Roy Morgan Research 2015, 2016
Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. * statistically significant ($p < 0.05$)

The overall level of financial resilience in Australia in 2016 was significantly lower than in 2015, falling from 3.06 to 3.01. While the 2016 overall financial resilience score suggests that, as in 2015, the adult

population in Australia experiences on average low financial stress, there have been significant changes in the levels of resources across the four components of financial resilience.

Who is doing better? Who is doing worse?

There was a similar representation of males and females across all financial resilience categories. Compared to other age groups, a lower proportion of young people (aged under 35) experienced financial security. There was also a slightly higher proportion of people born in a non-English speaking country in the severe and high financial stress categories, than people born in an English-speaking country, including Australia.

Unsurprisingly, the proportion of people in financial security increased with income, level of education, and participation in employment. Established home owners were also more likely to be financially secure, while people living in very short-term rentals were more likely to be in severe financial stress.

People with a mental illness were also more likely than their counterparts of being in severe or high financial stress. Particularly, 44.7% of people with a probable mental illness were in severe or high financial stress, compared to 9.3% of people with no mental illness.

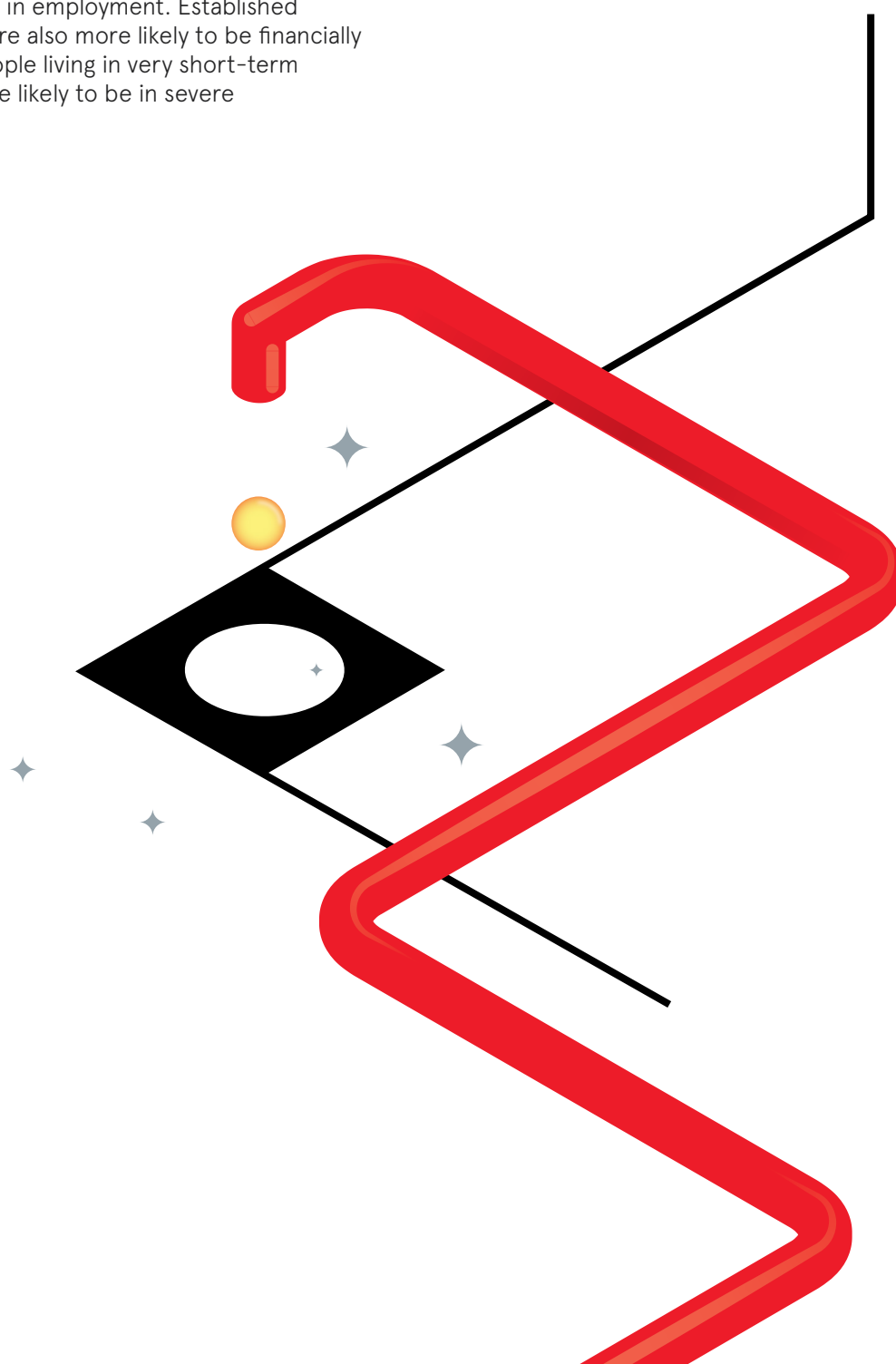


Figure 3:
Financial resilience by demographic characteristics

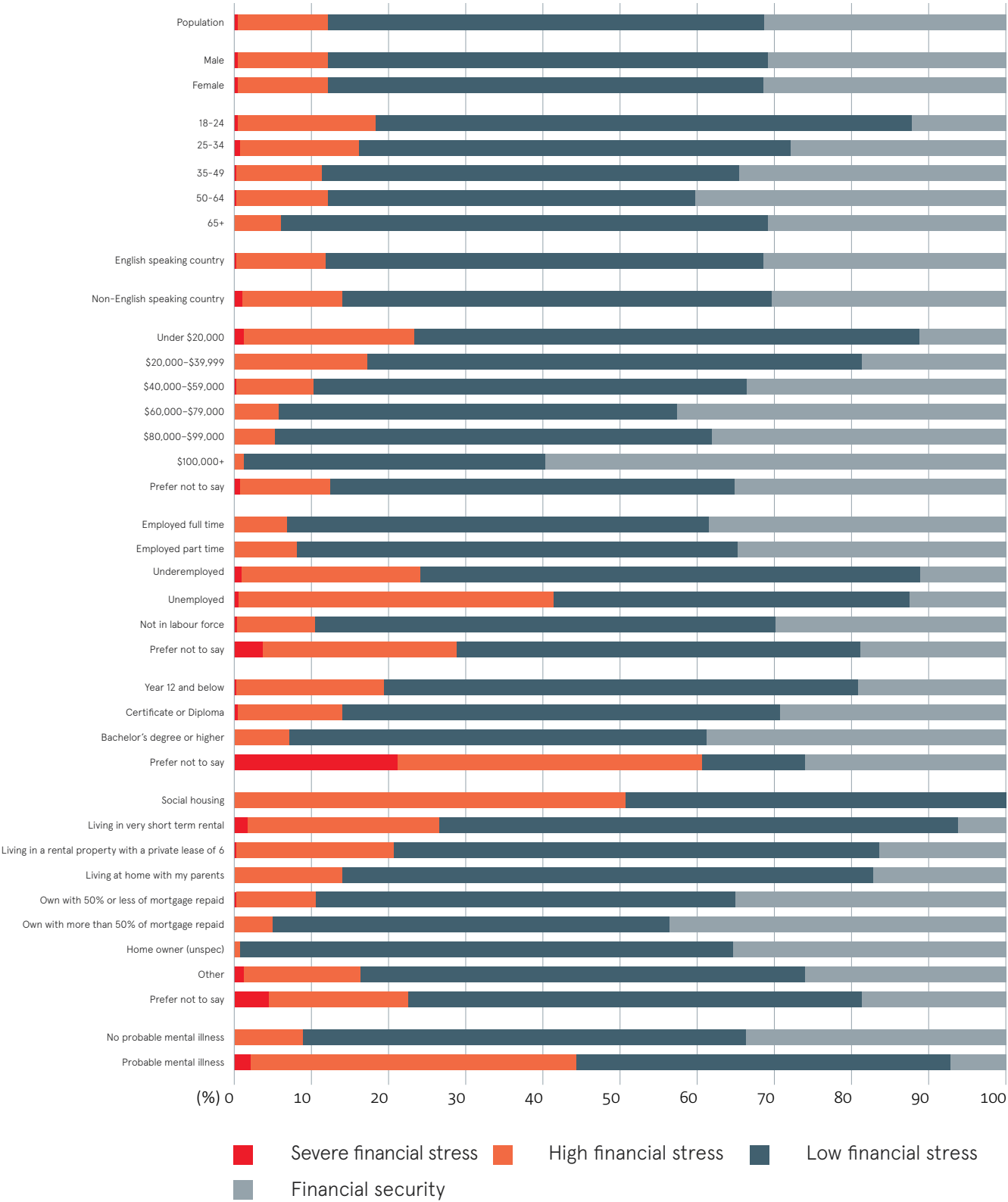


Figure 3 Source: Roy Morgan Research 2016
Notes: Sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. Excludes people in temporary/insecure accommodation, people who are homeless and people living in student accommodation due to small sample sizes

Financial resilience components

In 2016, adults in Australia fared best in the financial products and services component, and least well in the financial knowledge and behaviour; this was also the case in 2015 (Figure 4). However, there have been some changes since 2015.

The mean level of financial products and services significantly decreased between the two years,

from 3.41 to 3.26. The mean level of social capital also fell between 2015 and 2016 from 3.30 to 3.17. The mean level of social capital also fell between 2015 and 2016 from 3.30 to 3.17 and the difference is statistically significant. Finally, the mean level of financial knowledge and behaviour increased significantly between 2015 and 2016 from 2.65 to 2.70 respectively.

Figure 4:

Mean population scores for financial resilience components

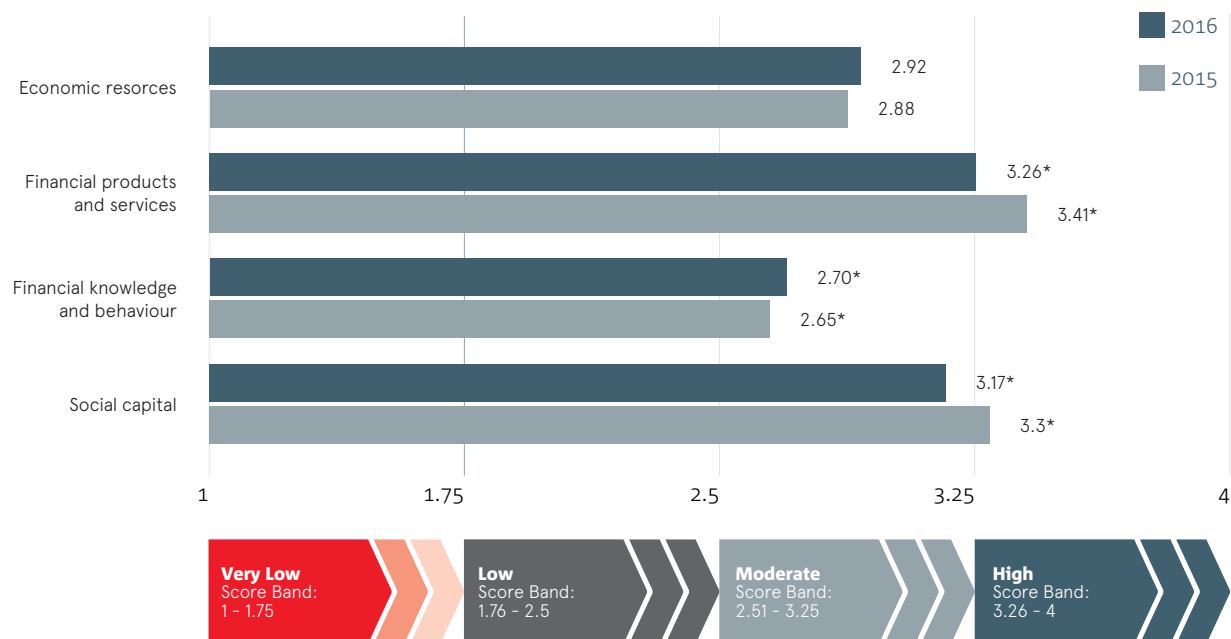


Figure 4 Source: Roy Morgan Research 2015, 2016

Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. * statistically significant ($p < 0.05$)

Economic resources

There were no significant changes in the people’s level of economic resources in 2016 compared to 2015. Around 30% of the population had very low or low levels of economic resources in both years. While there were some changes in the

proportions of people with moderate and high levels of economic resources (a slight decrease and increase respectively), these changes were not statistically significant (Figure 5).

Figure 5:
Level of economic resources

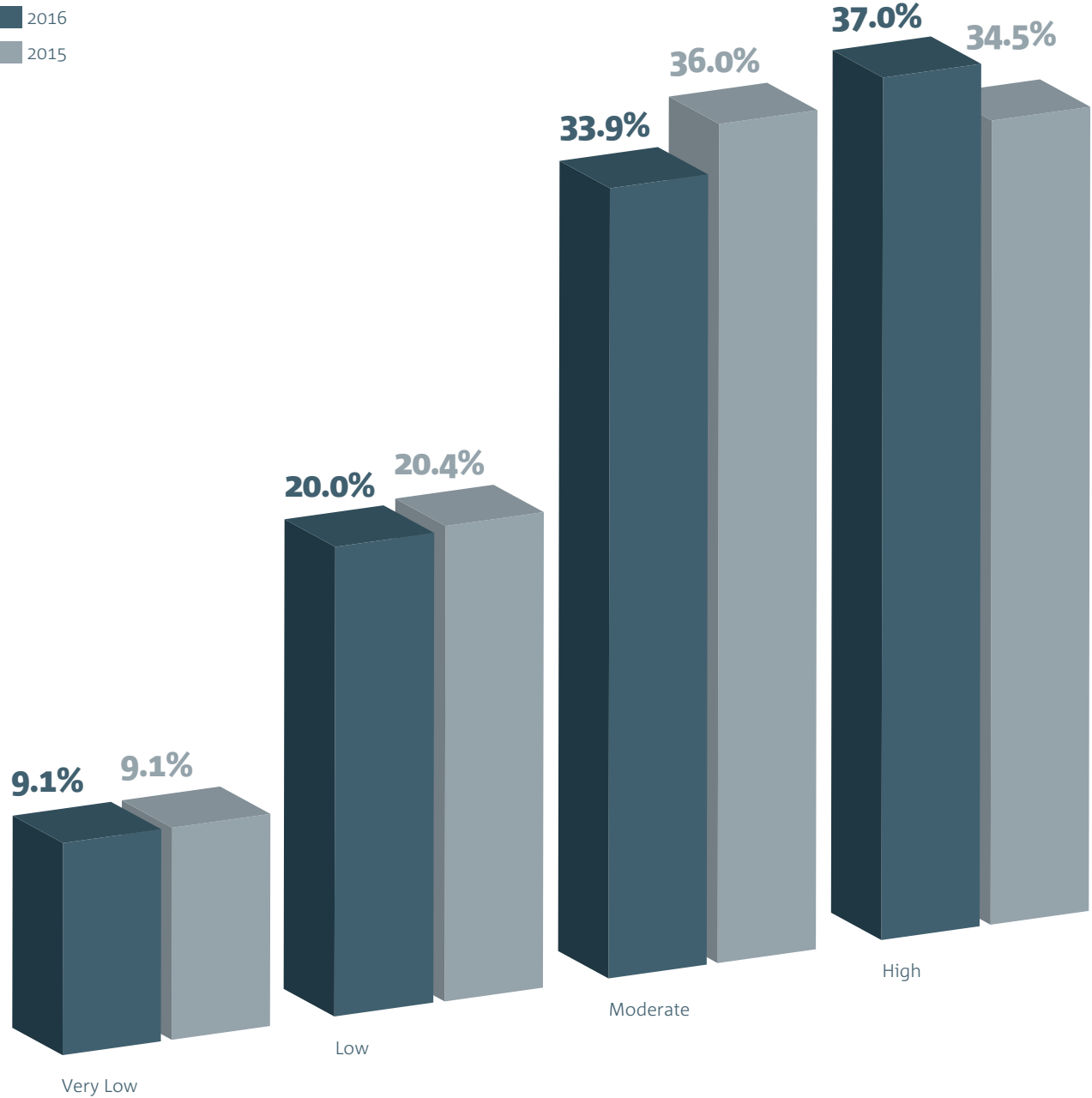


Figure 5 Source: Roy Morgan Research 2015, 2016
Notes: SSample size 2015 = 1496, sample size 2016 = 2004 weighted to be representative of the adult population in Australia aged 18+. * statistically significant (p < 0.05)

What has improved? What has worsened?

The economic resources component looks at people's level of savings; their ability to repay debt; whether they would be able to raise \$2,000 in an emergency and from where; their capacity to meet cost of living expenses; and the income level.

On average, adults in Australia were better able to access funds in an emergency in 2016 compared to 2015. Indeed, in 2016, a higher proportion of people reported being able to raise \$2,000 within a week in an emergency, compared to 2015 (81.4% and 77.6% respectively). However, close to 1 in 5

still could not, or did not know if they could raise \$2,000 in a week. This is a concern as this rate was still worse than findings by the ABS in 2014, when approximately 1 in 8 were not able to find money in an emergency^[6].

Of those who reported they would be able to raise \$2,000 in an emergency in 2016, the majority indicated that they would do so through savings (70.7%), followed by credit card (15.1%) and family or friends (7.9%; Figure 6).

Figure 6:

How would you raise \$2,000 within a week in case of emergency? (2016)

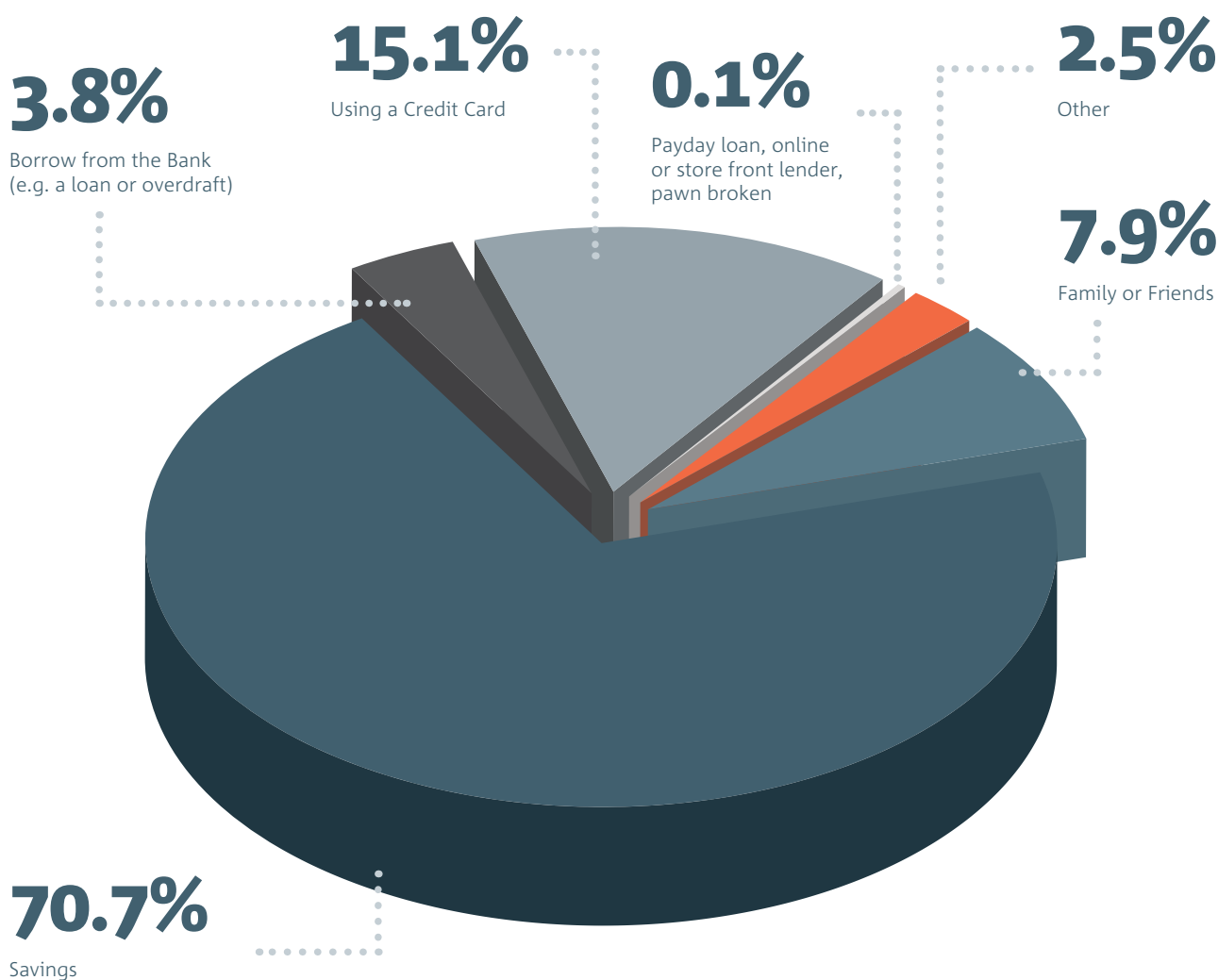


Figure 6: Source: Roy Morgan Research 2016

Notes: Sample size = 1637 weighted to be representative of the adult population in Australia aged 18+. Excludes 5 people who indicated they could raise \$2,000 in an emergency but answered 'don't know' when asked how they would raise this money.

In spite of most people who could raise \$2000 in an emergency saying they could do so through savings, the savings level of adults in Australia was significantly worse in 2016 than in 2015. We still have a situation where around 1 in 2 people have less than 3 months income saved (45.5% in 2016 and 46.6% in 2015). However, 1 in 7 reported

having no savings (14.2%) compared to 1 in 10 (9.7%) in 2015 (Figure 7). Similar numbers of people reported having savings equal to less than 1 month (17.4% in 2016 and 17.6% in 2015) but there was also a decrease in the proportion of people who had 1-2 months of income saved (13.9% in 2016 compared to 19.3% in 2015).

Figure 7:
Level of Savings

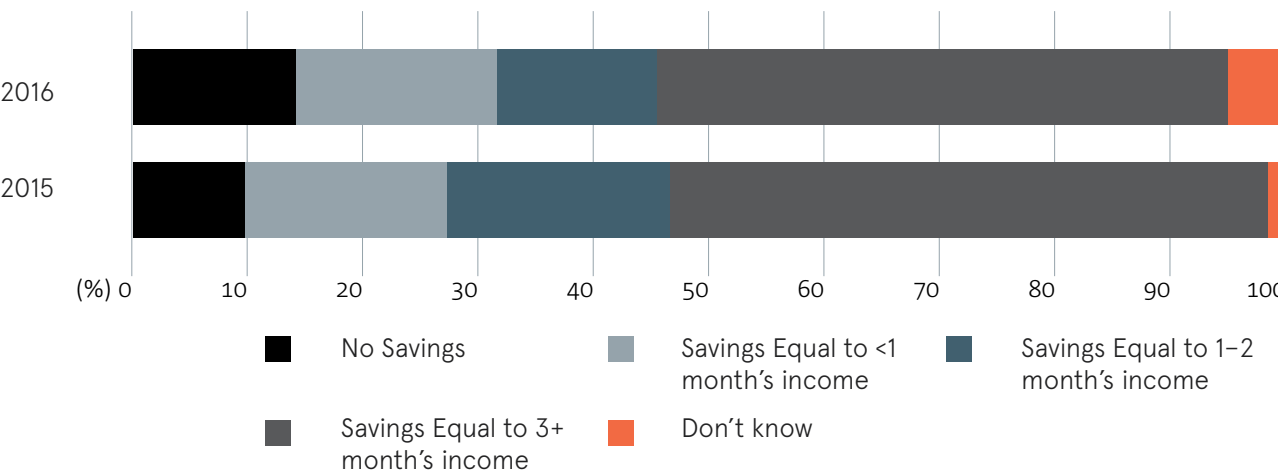


Figure 7: Source: Roy Morgan Research 2016
Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. Differences between the two years are statistically significant, chi-square test ($p < 0.05$)

The level of debt and difficulty meeting the cost of living has not changed much since 2015. There was a small but significant increase in the proportion of people reporting they had more debts than they could pay back, from 2.7% in 2015 to 4.4% in 2016 and a significant decrease in the proportion of people reporting it was very easy to meet cost of living expenses between 2015 and 2016 (23.3% to 20.4% respectively). Decreasing savings levels and increasing debts are potential indicators of financial stress that could leave people at risk of not being able to recover in the event of an unexpected financial shock.

The negative trends in savings, debt and difficulty meeting cost of living expenses appear to have been offset by a higher than inflation^[F] increase in the sample's mean equivalised household income between 2015 and 2016. However, changes by income groups suggest that this increase is concentrated^[G] at the top. In fact, the upper

boundary for the third quartile increased beyond CPI (8 times the inflation rate of 1.3% in 2016) while the upper boundaries for the lowest two income quartiles rose by less than inflation^[9]. Although the extent of the increase cannot be quantified, this suggests that income levels across the top two quartiles have risen by a higher level than for people in the lowest two income groups. At the same time, costs of necessities like housing – including utilities – increased by more than CPI ^[5]. Combined, this raises concerns for lower income households.

[F] Assessed using the RBA's inflation calculator, based on a calendar year [9]
[G] Respondents were allocated to 1 of 4 income quartiles (with quartile 1 being the lowest and quartile 4 being the highest) based on their calculated equivalised household income.

Financial products and services

Access to financial products and services declined between 2015 and 2016. About half of adults in Australia had a high level of financial products and services in 2016 (50.8%; Figure 8); a significant decline when compared to 2015 where close to

two-thirds of adults in Australia (65.8%) had a high level of financial products and services. Relatedly, there were significant increases in the proportions of people in the moderate and low categories between 2015 and 2016.

Figure 8:
Level of financial products and services

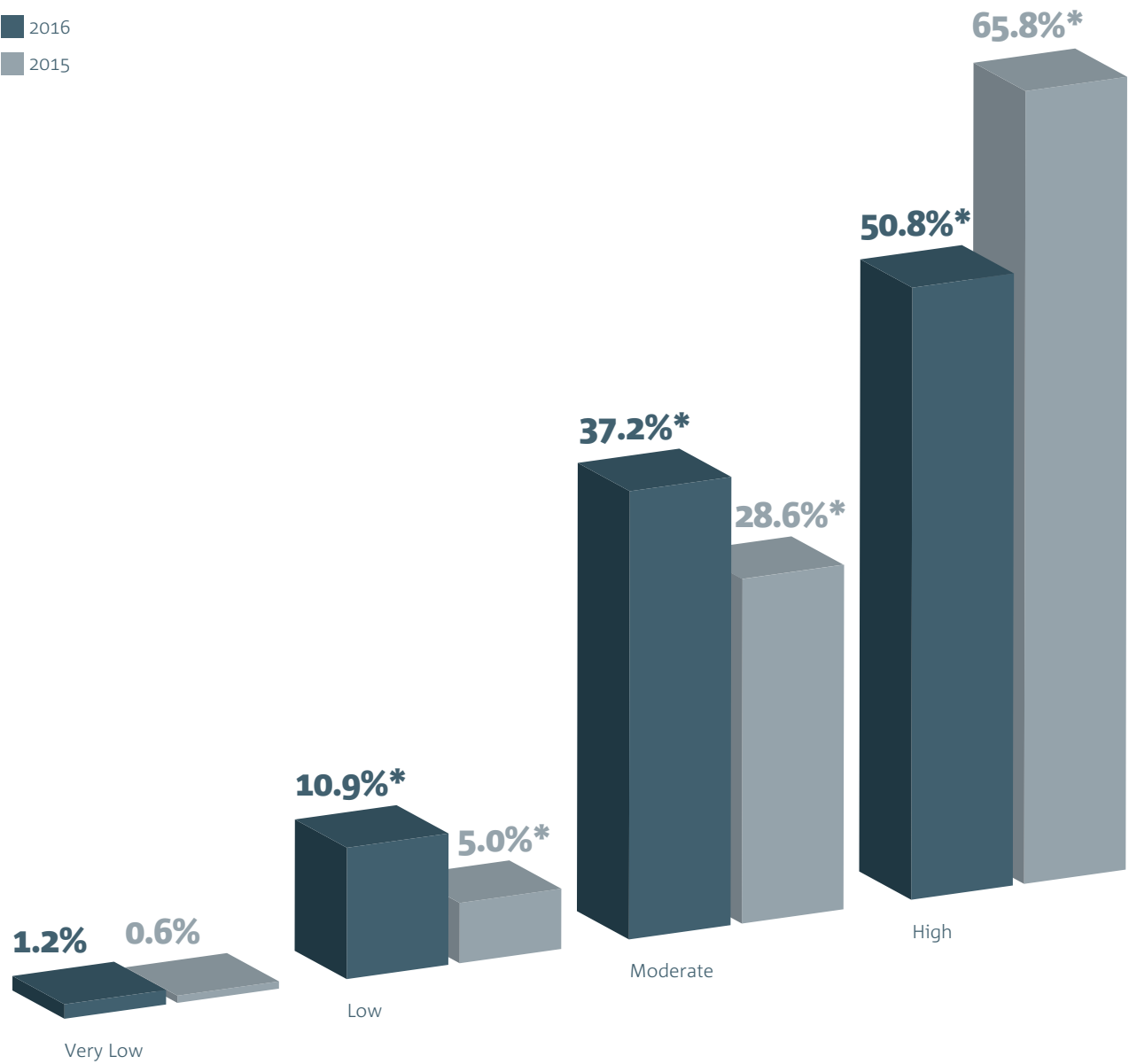


Figure 8: Source: Roy Morgan Research 2016
Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+.
Differences between the two years are statistically significant, chi-square test (p < 0.05)

What has improved? What has worsened?

The financial products and services component takes into account people's level of access to, and unmet demand for a bank account, credit and insurance.

There were significant changes in the reported level of access to a bank account, credit and insurance between the two years. A higher proportion of people reported having only indirect access to a bank account (2.7% compared to 1.2%); no access to any form of credit (25.6% compared to 20.2%); and no form of insurance (11.8%

compared to 8.7%) in 2016 than in 2015. There were no differences however in the reported level of unmet need for credit overall, between 2015 and 2016.

A significantly higher proportion of Australian adults reported access to credit through friends or family (21.5%), fringe providers (5.4%) and a mortgage or investment loan (25.5%) in 2016 (compared to 6.6%, 1.7% and 21.9% in 2015 respectively; Figure 9).

Figure 9:
Access to credit

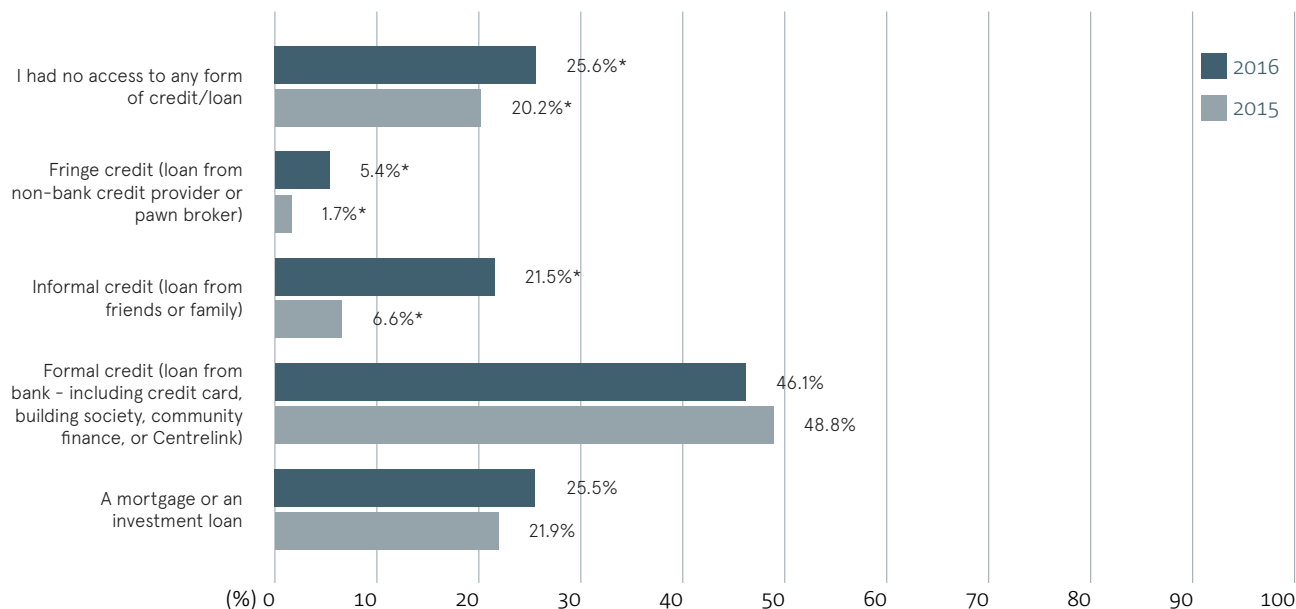


Figure 9: Source: Roy Morgan Research 2016

Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. Multiple answers were allowed so total does not add up to 100%. More people in 2016 selected more than 1 options than in 2015. * statistically significant ($p < 0.05$)

In 2016, when asked about their unmet credit needs, over a third of the population (38.5%) indicated they had all the credit or loans they needed and a further 49% reported that they didn't want to use any credit or loans^[H]. A similar proportion across both years reports needing a lot (1.3% in 2016 and 1.1% in 2015) or a little more credit (2.3% in 2016 and 2.7% in 2015).

On the other hand, the reported level of unmet insurance needs has significantly changed between 2015 and 2016. While a similar proportion of adults in Australia (1 in 10) reported having an unmet need for insurance between the two years. In 2016 a lower proportion reported not needing more insurance than they had (78.4%) and a higher proportion indicated they did not know (11.6%) than in 2015 (84.0% and 6.4% respectively; Figure 10).

Figure 10:
Do you need more insurance than you currently have?

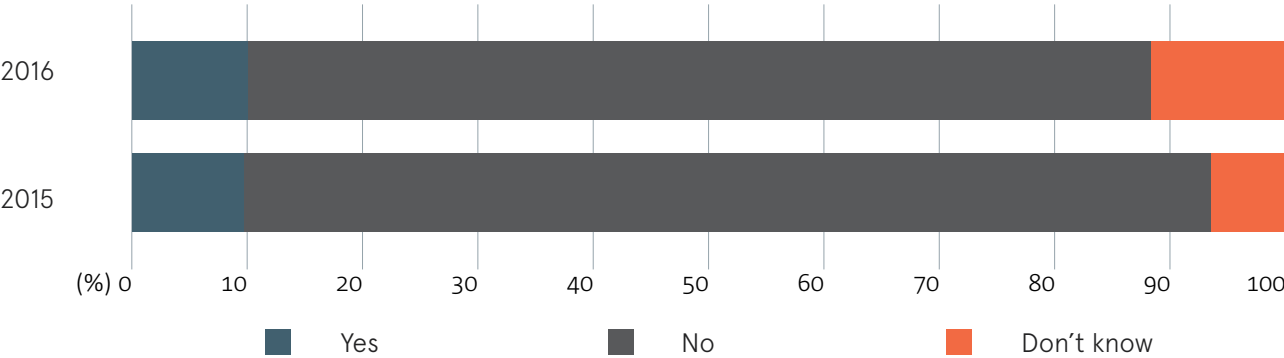


Figure 10: Source: Roy Morgan Research 2016
Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+.
Differences between the two years are statistically significant, chi-square test (p < 0.05)

[H] In 2015, respondents could only indicate that they had no unmet need for credit. In 2016, this response category was split in two: "No, I don't want to use any credit/loans" and "No, I already have all the credit/loans I need".

Financial knowledge and behaviour

Financial knowledge and behaviour improved overall between 2015 and 2016. There was a significant decrease in the proportion of people

with a low level of financial knowledge and behaviour and a related significant increase in the proportion with moderate levels (Figure 11).

Figure 11:

Level of financial knowledge and behaviour

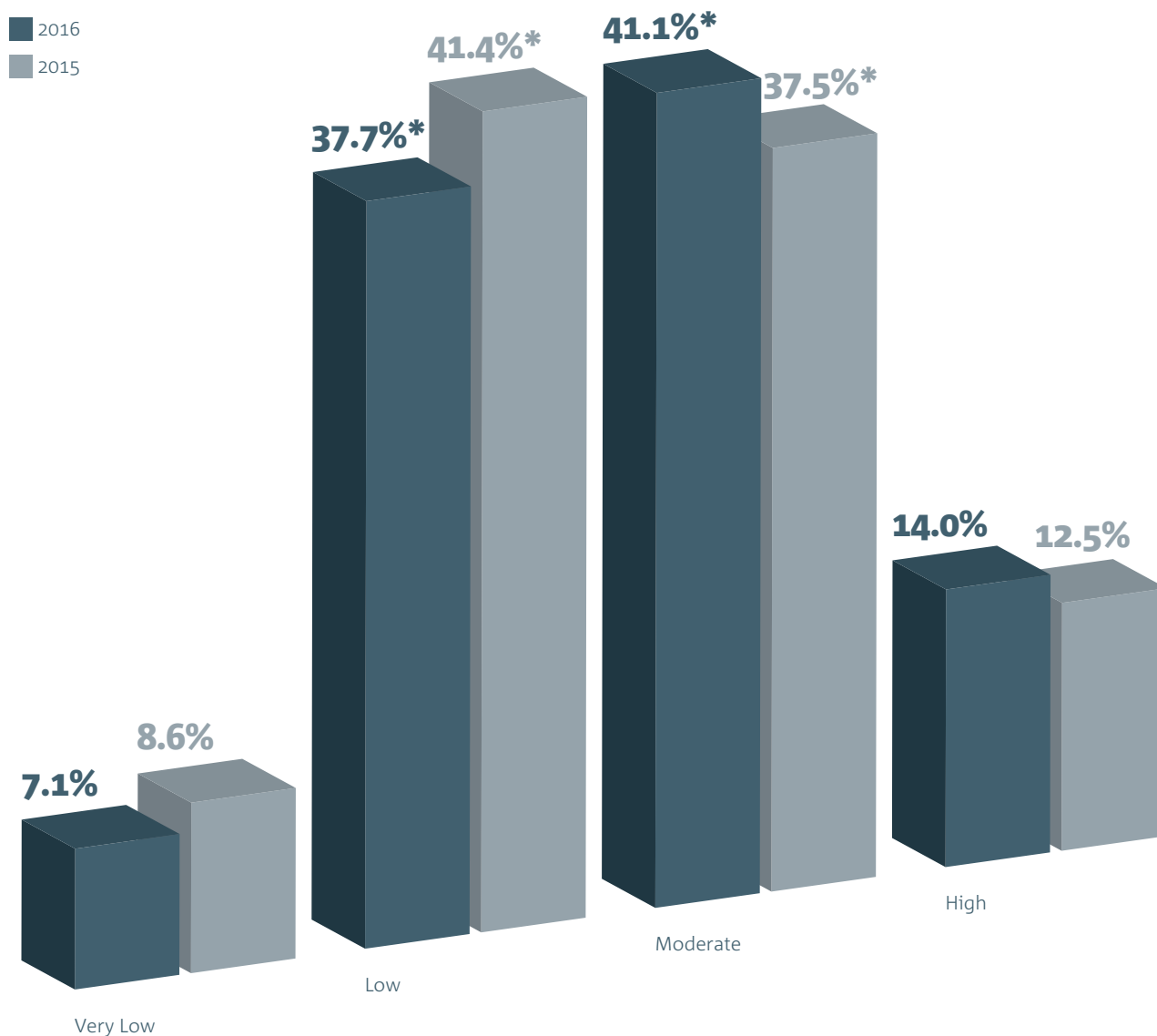


Figure 11: Source: Roy Morgan Research 2016

Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. * statistically significant ($p < 0.05$)

What has improved?
What has worsened?

The financial knowledge and behaviour component considers people’s level of knowledge of financial products and services; their confidence using financial products and services; their willingness to seek financial advice; and their proactive financial behaviours.

Compared to 2015, in 2016 adults in Australia reported having a significantly higher level of both understanding of and confidence using financial products and services. In fact, a lower proportion of people reported having no understanding of financial products and services in 2016 than in 2015 (4.5% and 9.2% respectively). In addition, a higher proportion of adults in Australia reported having a good or a very good understanding of financial

products and services in 2016 than in 2015. Similarly, a lower proportion of people reported having no confidence using financial products and services (5.5% in 2016 compared to 8.2% in 2016), while higher proportions reported reasonable or high confidence in 2016 than in 2015.

There was also a significant and positive change in the population’s reported approach to seeking financial advice between 2015 and 2016. A higher proportion of people reported they were seeking advice at the time of the survey in 2016 (7.8%) than in 2015 (4.8%), and a lower proportion reported they would never consider seeking financial advice in 2016 (4.9%) than in 2015 (6.0%; Figure 12).

Figure 12:
When would you seek financial advice and/or information?

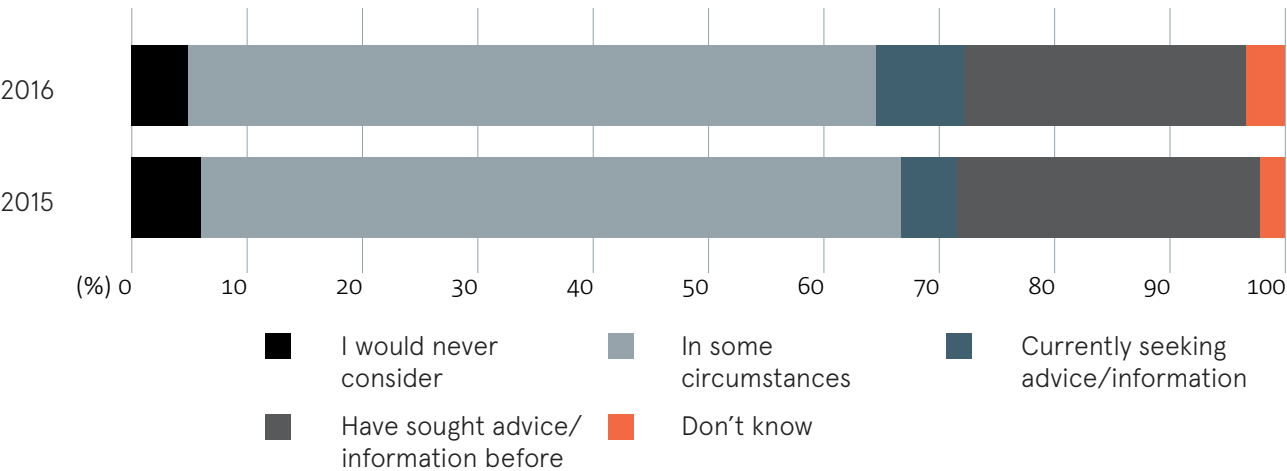


Figure 12: Source: Roy Morgan Research 2016
Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. Differences between the two years are statistically significant, chi-square test (p < 0.05)

When looking at proactive financial behaviours, a significantly higher proportion of people reported saving regularly in 2016 (60.2%) than in 2015 (56.4%; Figure 13). There were no significant changes between 2015 and 2016 in the proportion reporting following a budget; paying more than the

minimum repayment on their credit card or loan; or not engaging in any proactive financial actions.

It is concerning to note, that despite over 60% of Adults in Australia saving regularly, less than 1 in 2 had savings worth three or more months' income.

Figure 13:
Proportion of population by proactive financial behaviours

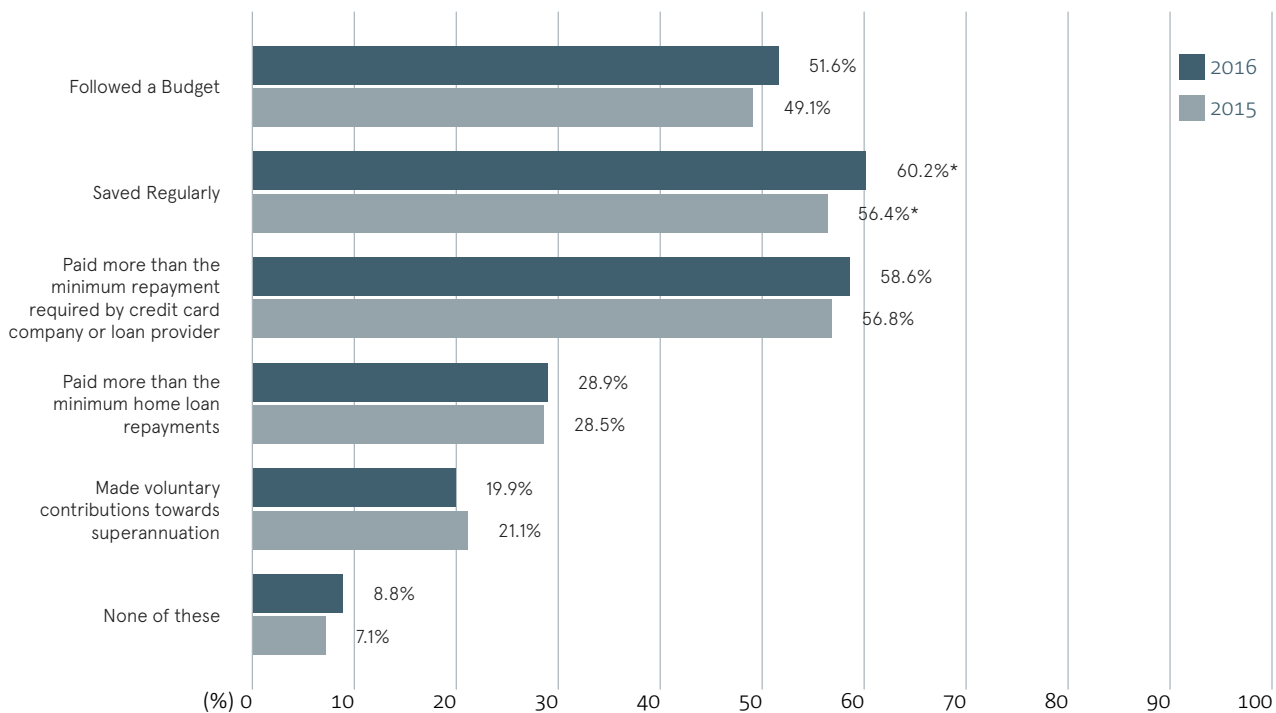


Figure 13: Source: Roy Morgan Research 2016
Notes: Sample size = 2006 weighted to be representative of the adult population in Australia aged 18+.. * statistically significant (p < 0.05)

Social capital

There was a downward trend in the population's level of social capital between 2015 and 2016. Particularly, there has been a significant decrease in the proportion of people with a high level of social capital from 63.1% in 2015 to 53.4% in 2016

(Figure 14). At the same time, there has been a significant increase in the proportion of people with low and moderate levels of social capital between the two years, while the proportion in the very low category remained statistically unchanged.

Figure 14:
Level of Social Capital

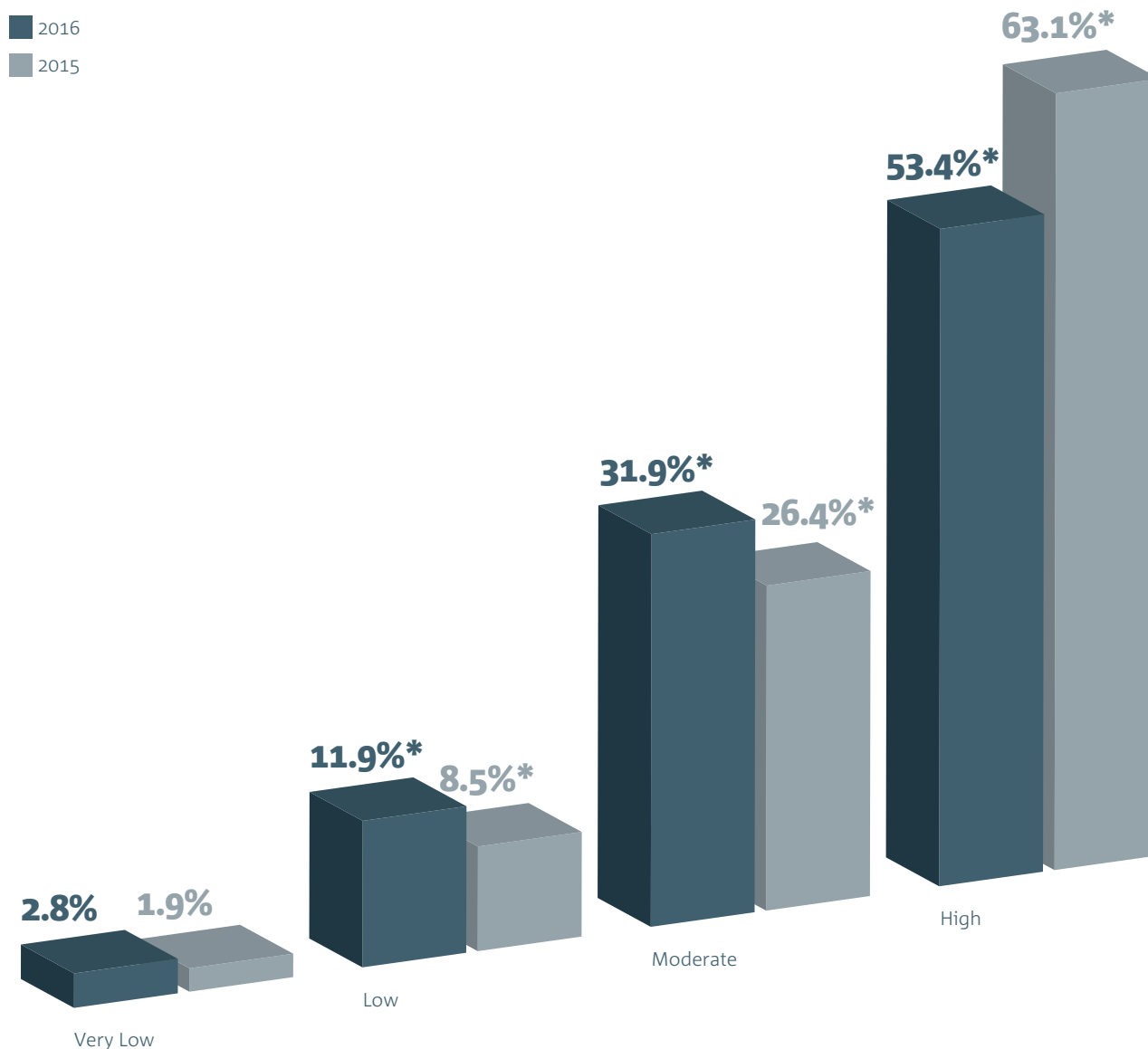


Figure 14: Source: Roy Morgan Research 2016

Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. Differences between the two years are statistically significant, chi-square test ($p < 0.05$)

What has improved? What has worsened?

The social capital component looks at people's level of contact with social connections; the likelihood of receiving financial support from social connections; and the level of government or community support they receive.

Adults in Australia were significantly better off in 2016 than in 2015 in terms of social contact. A higher proportion of people reported having regular contact with their social connections in 2016 compared to 2015 (68.0% and 36.6%

respectively) and a smaller proportion reported being isolated or alone most of the time (2.3% and 3.7% respectively).

However, when asked how likely they were to get financial support from social connections, over 1 in 5 people (22.8%; Figure 15) rated their ability to access financial support from their social connections as never/very unlikely^[1]. In fact, only 41.1% indicated being fairly or very likely to get financial support from their social connections.

Figure 15:

Likelihood of getting financial support from social connections (2016)

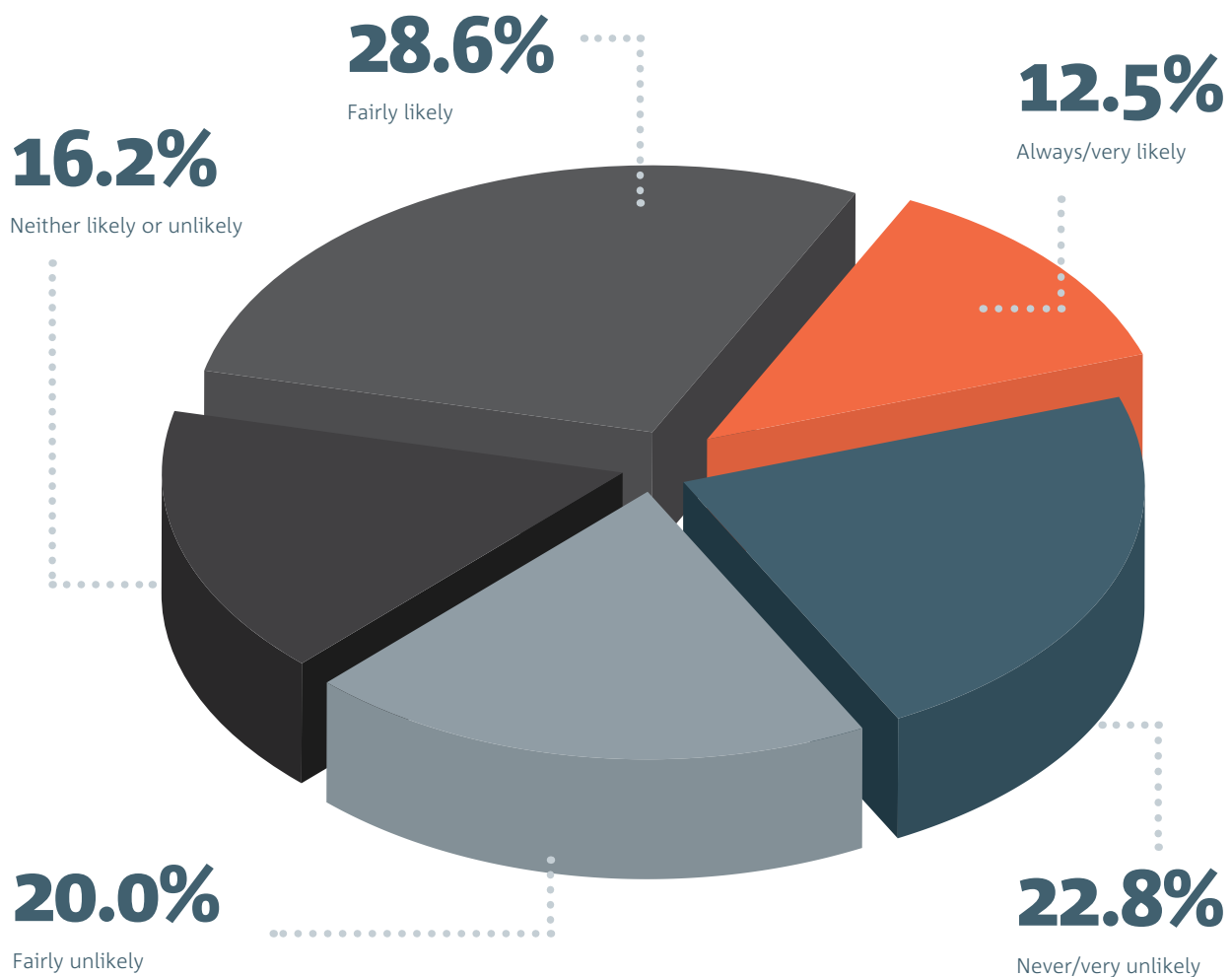


Figure 15: Source: Roy Morgan Research 2016

Notes: Sample size = 2006 weighted to be representative of the adult population in Australia aged 18+.

[1] The wording of the question was changed to focus on financial support so these results are not directly comparable with 2015 data

The proportion of people who reported needing community and government support went down between 2015 and 2016, but the proportion of people reporting needing support but having no access to it went up (from 3.2% to 5.3%; Figure 16). These trends suggest that, while less people

appear to require support from community or government organisations, some people in need of support are falling through the cracks. This highlights the need to take a closer look at the accessibility and availability of support services to people in need.

Figure 16:
Community and government support

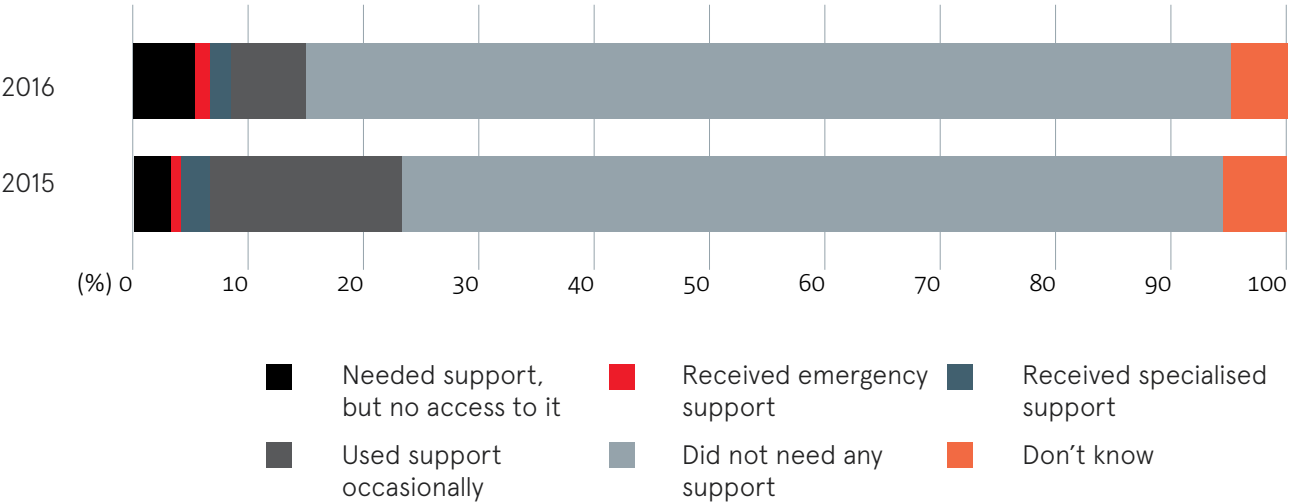
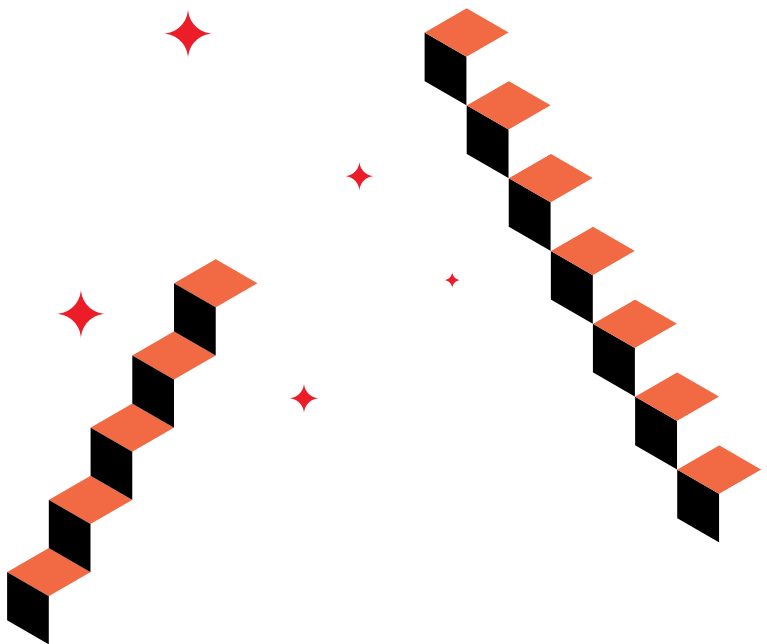


Figure 16: Source: Roy Morgan Research 2016
Notes: Sample size 2015 = 1496, sample size 2016 = 2006 weighted to be representative of the adult population in Australia aged 18+. Differences between the two years are statistically significant, chi-square test ($p < 0.05$)





**Close to 2.4m
adults in
Australia faced
severe or high
financial stress
in 2016.**





Conclusion

Close to 2.4 million adults in Australia faced severe or high financial stress in 2016. The level of financial resilience of adults in Australia significantly declined between 2015 and 2016, from 3.06 to 3.01. Fewer people were financially secure (from 35.7% in 2015 to 31.2% in 2016) and more were experiencing low or high financial stress. This means people had a lower capacity to cope with and bounce back from financial adversity.

On average, people had lower levels of savings and decreased access to financial products and services in 2016 than in 2015. However, adults in Australia were better off in 2016 in terms of social connections and a higher proportion reported being able to raise money in an emergency (although this was still lower than the rate found by the ABS in 2014^[3]). Low levels of financial resilience signal likely challenges accessing the resources necessary to recover from financial shocks.

Next steps and future research

To improve financial resilience across the population it is important to track change over time, across components of financial resilience and across sub-groups of the population. Particularly, additional research is recommended to:

- further explore the components, and aspects of components, of financial resilience where the population is most disadvantaged;
- identify at-risk sub-groups of the population and explore in which aspects and components of financial resilience they are more likely to be disadvantaged.

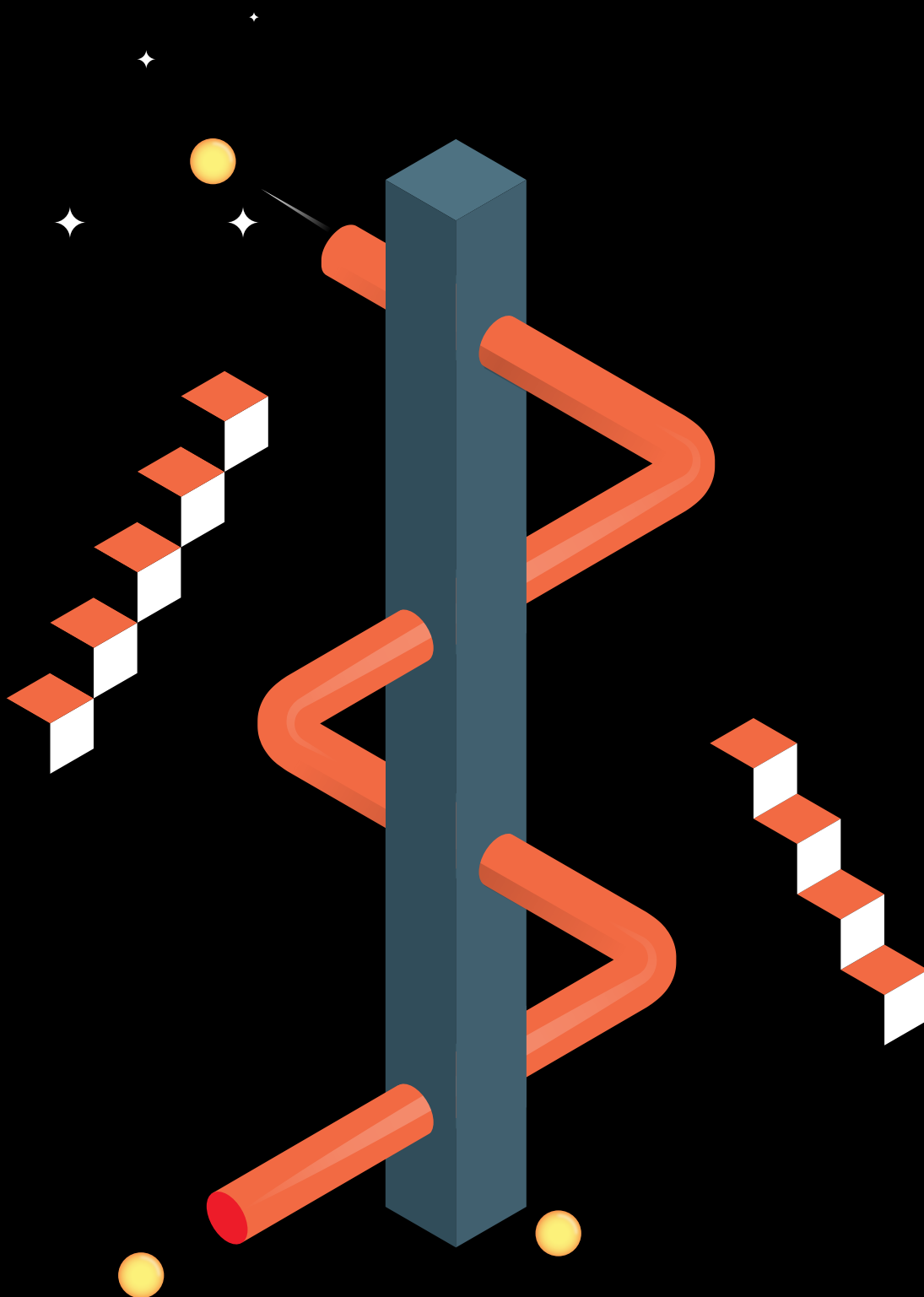
Access to products and services is crucial to financial resilience. The largest decrease, on average, between 2015 and 2016 occurred in this component, and as a result, further research is set to explore these changes.

Similarly, it is important to further explore the financial resilience of groups at risk of financial stress. Exploring in more depth how the financial resilience of groups likely to have low levels of resilience will help highlight similarities and/or differences with the general population in how they cope with, and bounce back from, financial adversity. This will help further understand and address the issues of financial resilience in Australia.



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Appendix 1

Sample Details

The 2016 sample details are presented below. Please see Muir, Reeve et al.^[2] for 2015 sample details

Demographic characteristic	Sample Size	
	TOTAL	2006
Gender	Male	966
	Female	1040
Age	18–24	196
	25–34	399
	35–49	534
	50–64	475
	65+	402
Location	Australian Capital Territory	65
	NSW	613
	Victoria	517
	Queensland	386
	South Australia	147
	Northern Territory	14
	Tasmania	42
	Western Australia	222
Country Of Birth	English speaking country	1788
	Non-English-speaking country	218
Educational attainment	Year 12 and below	450
	Certificate or Diploma	596
	Bachelor's degree or higher	953
	Prefer not to say	7

Demographic characteristic	Sample Size	
Labour force status	35 hours or more per week	811
	Less than 35 hours a week and happy with hours	306
	Less than 35 hours a week but want more hours	143
	Not working, looking for work	136
	Not working, not looking for work	569
	Prefer not to say	41
Income	Under \$20,000	369
	\$20,000 – \$39,999	392
	\$40,000 – \$59,999	315
	\$60,000 – \$79,999	252
	\$80,000 – \$99,999	177
	\$100,000 or more	260
	Unknown	241
Housing	Living in a temporary or insecure accommodation, such as boarding houses and caravan parks	16
	Homeless or in a shelter or refuge	2
	Living in a housing commission property, community housing or public housing	26
	Living in a very short term rental (e.g. no lease or a lease of less than 6 months)	33
	Living in a rental property with a private lease of 6 months or more (including sharing a flat with others)	386
	Living in student accommodation	5
	Living at home with my parents	186
	New home owner, starting to pay off a mortgage	284
	Home owner and have paid off more than 50% of my mortgage	840
	Home owner, paid off less than 50% of my mortgage	27
	Home owner (unspec)	84
	Other	59
	Prefer not to say	58
Mental health	No probable mental illness	1791
	Probable mental illness	163
	Unknown	52

Appendix 2

Financial Resilience Survey 2016

SCREENING AND QUOTA

SDGEN Are you...

1. Male
2. Female

SDAGE How old are you?

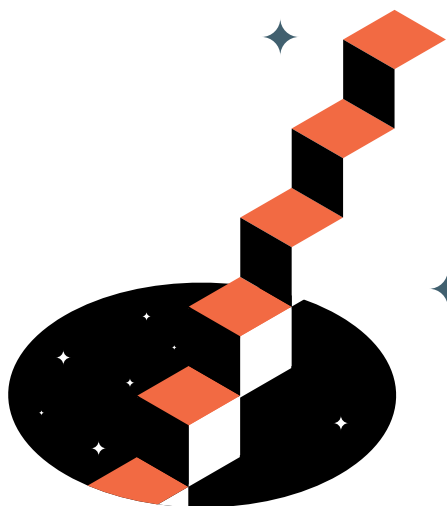
1. 18 – 24
 2. 25 – 34
 3. 35 – 49
 4. 50 – 64
 5. 65+
99. Prefer not to say

SDARE What state/territory do you live in?

1. Australian Capital Territory
2. NSW
3. Victoria
4. Queensland
5. South Australia
6. Northern Territory
7. Tasmania
8. Western Australia
9. Outside Australia
99. Prefer not to say

PCODE What is your post code?

- [Insert free text]
98. Don't know



QUESTIONNAIRE BODY

B1. How often do you experience financial problems (such as not being able to pay a bill or falling behind on your credit card payment)?

1. Never
2. Rarely
3. Occasionally
4. Quite often
5. Very often
98. Don't know

B2. How much understanding do you have about financial services and products?

1. I don't understand them at all
2. I have a basic understanding
3. I have a good understanding
4. I have a very good understanding
98. Don't know

B3. How confident do you feel about using financial services and products?

1. I have no confidence
2. I have limited confidence
3. I am reasonably confident
4. I am very confident
98. Don't know

B4. When would you seek financial advice and/or information?

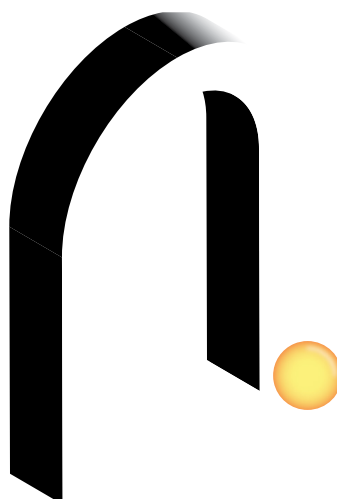
1. I would never consider
2. I would consider in some circumstances
3. I am currently seeking financial advice
4. I have sought financial advice /information before
98. Don't know

B4.1. Which sources of advice and information would you consider or have you already used? Choose all that apply.

1. A free community service
2. A paid professional advice
3. A Government information service
4. Online resources
5. No plans to seek help in the short-term
97. Other (please specify)
98. Don't know

B5. Which of the following have you done in last 12 months? Choose ALL that apply

1. Followed a budget
2. Saved regularly
3. Paid more than the minimum repayment required by credit card company or loan provider
4. Paid more than the minimum home loan repayment
5. Made voluntary contributions towards superannuation
96. None of these
98. Don't know



B6. Which of the following methods have you used in the last 6 months to keep track of your money? Choose all that apply.

1. I kept track of my money in my head
2. I kept track of my money by writing down notes
3. I kept receipts
4. I used a household budget/spread sheet
5. I used an online budgeting tool or app
6. I used an app to keep track of my spending
7. I checked my bank statements for unusual/suspicious entries
8. I checked my credit card statements for unusual/suspicious entries
9. I looked at some or all of my bank/credit card statements but not in any detail
97. Other (Please specify)
96. None of the above (I didn't keep track of my spending)
98. Don't know

A9. In the last 12 months, have you experienced difficulties accessing financial products and services for any of the following reasons? Choose all that apply.

2. Cost of service
3. Disability makes it hard to access service
4. Waiting too long/Appointment not available at the right time
5. Language difficulties
6. No service in your area
7. Transport/distance
8. Poor customer service
9. Discrimination because of ethnic or cultural background
1. Cannot trust them
10. Not the right services in your area
97. Other reason (please specify)
96. No difficulties accessing financial services

C1. How frequently do you have face to face contact with family or friends?

1. Everyday
2. At least once a week
3. At least once a month
4. At least once in three months
5. No recent contact
6. No family and no friends
98. Don't know

C2. How frequently do you have telephone (inc. phone calls made online e.g. skype; mobile phones), email, mail, SMS contact with family or friends

1. A few times a day
2. Once a day
3. A few times of week
4. Once a week
5. At least once a month
6. At least one a quarter
7. No recent contact
8. No family and no friends
98. Don't know

C3. Over the past 12 months, how would you describe your level of contact with social connections? Social connections refer to connections with family, friends, work colleagues, neighbours or clubs.

1. I am isolated or alone most of the time
2. I have occasional contact
3. I have regular contact with more distant social connections
4. I have regular contact with close connections
98. Don't know

C4. How likely are you to get financial support from your social connections (family, friends, work colleagues, neighbours or clubs) in times of crisis?

1. Never/ Very unlikely
2. Fairly unlikely
3. Unsure
4. Fairly likely
5. Always/ Very Likely

C5. How much support have you had from community or government organisations to help with your financial situation over the past 12 months?

1. I needed support, but I had no access to it
2. I received emergency support (e.g. food-banks or vouchers)
3. I received specialised support (e.g. meals on wheels, financial counselling, no interest loan, homecare services)
4. I used their support occasionally, but I was not reliant on them
5. I did not need any community or Government support
98. Don't know

C5.1 Which of the following types of support have you received in the past 12 months? Choose ALL that apply

1. A NILS (No Interest Loan Scheme) loan
2. A low interest loan through a community organisation (e.g. StepUP)
3. Financial counsellor
4. Emergency Assistance (energy vouchers, food parcels etc.)
5. Centrelink Advance Payment
6. Centrelink Crisis Payment
97. Other – please specify
98. Don't know

C6. What access have you had to a bank account over the past 12 months?

3. I had my own bank account
2. I had access to a bank account only through a partner, relative or friend
1. I had no access to a bank account at all
98. Don't know

C6.1. Which of the following bank accounts do you have access to? Choose all that apply

1. Everyday banking/transaction account
2. Term Deposit
3. High Interest Online Account
4. Bonus Interest or Reward Saver Account
97. Some other savings account (please specify)
98. Don't know

C7. What is your current level of savings (including cash, bank deposits and other formal savings like bonds and term deposits)?

1. I have no savings
2. I have savings equal to less than 1 month's income
3. I have savings equal to 1-2 months' income
4. I have savings equal 3-6 months' income
5. I have savings equal to 6+ months income or more
98. Don't know

C7.1. What is the approximate balance of your total savings?

1. Less than \$500
2. \$500 to \$2,999
3. \$3,000 to \$4,999
4. \$5,000 to \$10,000
5. \$10,000 or more
98. Don't know

C8. Over the past 12 months, if you needed credit/loans, which of the following did you use or would you have been able to access? Choose all that apply.

1. I had no access to any form of credit/loans
2. A cash loan from a non-bank credit provider (e.g. payday loan or loan from an online or store front lender)
3. A loan from a pawn broker
4. A loan from friends or family
5. A loan from Centrelink
6. A loan (including credit card) from a bank or building society
7. Community finance (e.g. NILS, StepUP)
8. A mortgage or an investment loan
98. Don't know

C8.1. You mentioned that you have access to credit. Which of the following types of credit have you accessed over the past 12 months? Choose all that apply

1. A loan from family
2. A loan from friends
3. Credit card
4. Personal loan
5. Mortgage
6. Other mainstream credit (i.e. from a bank)
7. A Centrelink advance
8. A community finance loan (e.g. NILS, StepUP)
9. A small cash loan from a non-bank credit provider of up to \$2,000 (to be repaid between 16 days and 1 year; from an online or store front lender)
10. A 'medium amount' loan from a non-bank credit provider between \$2,001 and \$5,000 (to be repaid between 16 days and 2 years; from an online or store front lender)
11. Consumer leases or rent-to-own contracts
97. Other type of loan or credit facility
96. None of the above
98. Don't know

C8.2. What is your current level of debt? Choose one only

1. I have more debts than I can pay back
2. I have debts that I am just managing to pay back
3. I have debts that I am managing to pay back comfortably
4. I have debts that I am managing to pay back very comfortably
5. I have no debts
98. Don't know

C8.3. You mentioned previously that you currently have debts. Excluding your mortgage, what is your combined approximate outstanding debt balance?

1. Less than \$3,000
2. \$3,000 to \$4,999
3. \$5,000 to \$10,000
4. \$10,000 or more
98. Don't know

C8.3. You mentioned previously that you currently have debts. Excluding your mortgage, what is your combined approximate outstanding debt balance?

1. Less than \$3,000
2. \$3,000 to \$4,999
3. \$5,000 to \$10,000
4. \$10,000 or more
98. Don't know

C8.4. You mentioned previously that you had a mortgage. What is your approximate outstanding mortgage balance?

- [Insert free text]
98. Don't know

C8.5. What is your approximate outstanding mortgage balance?

1. Less than \$50,000
2. \$50,000 to \$99,999
3. \$100,000 to \$199,999
4. \$200,000 to \$299,999
5. \$300,000 to \$499,999
6. \$500,000 or more
98. Don't know

C9. Do you need more credit/loans than you currently have?

1. Yes, I need a lot more
2. Yes, I need a little more
3. I could use some more, but I can go without it
4. No, I already have all the credit/loans I need
5. No, I do not want to use any credit/loans
98. Don't know

C9.1. What do you need more credit/loans for? Choose all that apply

1. Car-related expense (e.g. buying a car, insurance, repairs, registration)
2. Education-related expense (e.g. school fees, TAFE fees, purchase of laptop)
3. Health and medical related expenses (e.g. surgery, medication, dentist)
4. Rent / accommodation
5. Big household expense (e.g. repairs, furniture, electrical equipment)
6. Small household expense (e.g. food, clothing)
7. Water, gas, electricity, telephone
8. Paying back other debts
9. Emergency or "just in case"
97. Other (please specify)
98. Don't know

C10. In an emergency (e.g. your car breaks down, your washing machine or fridge stops working), would you be able to get \$2,000 within a week to deal with it?

1. Yes
2. No
98. Don't know

C10.1. Where would you get this money from? Choose all that apply.

1. Family or friends
2. Savings
3. Borrowing from the bank (e.g. a loan or overdraft)
4. Using a credit card
5. Payday loan, online or store front lender, pawn broker
97. Other (please specify)
98. Don't know

C10.2 You have indicated that you could get \$2,000 for an emergency from the following sources. Please rank them in order from the most to the least amount of money you would be able to get. For example, if you could get most of the amount from your savings and would have to borrow the rest from family or friends, rank savings first and family or friends second.

1. Family or friends
2. Savings
3. Borrowing from the bank (e.g. a loan or overdraft)
4. Using a credit card
5. Payday loan, online or store front lender, pawn broker
97. <Text from code 97 on C10.1>

C11. What has been your level of insurance over the past 12 months?

1. I had no form of insurance
2. I had some insurance
3. I had basic insurance
4. I had a lot of insurance
98. Don't know

C11.1 You mentioned that you have access to insurance. Which of the following types of insurance do you have? Choose ALL that apply

1. Motor-vehicle- insurance
2. Home (building) insurance
3. Home (contents) insurance
97. Other
98. Don't know

C12. Do you need more insurance than you currently have?

1. Yes
2. No
98. Don't know

C12.1. What type of extra insurance do you need? Choose all that apply

4. Health insurance
1. Motor-vehicle- insurance
2. Home building insurance
3. Home contents insurance
97. Other (please specify)
98. Don't know

C13. In the last 12 months, how difficult was it for you to meet your necessary cost of living expenses like housing, electricity, water, health care, food, clothing or transport?

1. Very difficult
2. Difficult
3. Neither difficult or easy
4. Easy
5. Very easy
98. Don't know

C14. Which of the following have happened in your household in the past 12 months due to not having enough money? Choose all that apply.

12. Could not pay rent/mortgage
1. Could not pay electricity, gas or telephone bill
2. Could not pay car registration or car insurance
3. Could not pay home/contents insurance
4. Pawned or sold something
5. Went without meals
6. Was unable to heat at least one room in the home
7. Asked for money from friends and family
8. Could not pay for hospital or dentist
9. Could not pay for repairs/replacement to essential household items (e.g. washing machine, fridge)
10. Could not pay for car service/repairs
11. Could not pay for children to participate in school activities and outings
97. Other (please specify)
96. None of the above
98. Don't know



**A10. Below is a list of statements about how you feel.
How much do you agree with each statement?**

	STRONGLY DISAGREE (1)	DISAGREE (2)	NEITHER AGREE NOR DISAGREE (3)	AGREE (4)	STRONGLY AGREE (5)	DON'T KNOW (98)
1. In uncertain times, I usually expect the best	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. If something can go wrong for me, it will	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I'm always optimistic about my future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I hardly ever expect things to go my way	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I rarely count on good things happening to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Overall, I expect more good things to happen to me than bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

A11. During the past 30 days, about how often did you feel...

	STRONGLY DISAGREE (1)	DISAGREE (2)	NEITHER AGREE NOR DISAGREE (3)	AGREE (4)	STRONGLY AGREE (5)	DON'T KNOW (98)
1. In uncertain times, I usually expect the best	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. If something can go wrong for me, it will	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I'm always optimistic about my future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I hardly ever expect things to go my way	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I rarely count on good things happening to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Overall, I expect more good things to happen to me than bad	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

And finally, a few questions about you.

A1. How much paid work are you currently doing? Please answer considering all your jobs.

1. 35 hours or more per week
2. Less than 35 hours a week and happy with hours
3. Less than 35 hours a week but want more hours
4. Not working, looking for work
5. Not working, not looking for work
99. Prefer not to say

A12. Are you employed on a casual contract?

1. Yes
2. No
99. Prefer not to say

A12.1 Are you self-employed?

1. Yes
2. No
99. Prefer not to say

A12.2 What was your business' revenue (that is the amount of money your company took in) in the last financial year?

1. Less than \$20,000
2. \$20,000 to \$49,999
3. \$50,000 to \$99,999
2. \$100, 000 to under \$2 million
3. \$2 million to under \$10 million
4. \$10 million or more
99. Prefer not to say

A1.1 How long have you been not working and looking for work?

1. Under 1 month
2. 1 to under 2 months
3. 2 to under 3 months
4. 3 to under 6 months
5. 6 months to under 1 year
6. 1 year or more
99. Prefer not to say

A1.2. What is the main reason why you are not working and not looking for work?

1. Studying
2. Retired
3. Don't need the money
4. Stay-at-home parent looking after children
5. Caring for a family member or friend
6. Have a disability or health problem that prevents me from working
7. I'd like to work but don't think I could get a job
97. Other (please specify)
99. Prefer not to say

A2. What is your main source of personal income? Personal income is your own income (i.e. not money that you access through your partner or family).

1. Wage or salary
2. Government pension or allowance
3. Superannuation
4. Workers compensation
5. Investment income
6. No personal income
97. Other
99. Prefer not to say

PINC. What is your estimated personal income for the last year (before tax and expenses)?

1. Under \$10,000 per year (under \$385 per fortnight)
2. \$10,000 to \$19,999 per year (\$385 to \$769 per fortnight)
3. \$20,000 to \$29,999 per year (\$770 to \$1,154 per fortnight)
4. \$30,000 to \$39,999 per year (\$1,155 to \$1,538 per fortnight)
5. \$40,000 to \$49,999 per year (\$1,539 to \$1,923 per fortnight)
6. \$50,000 to \$59,999 per year (\$1,924 to \$2,308 per fortnight)
7. \$60,000 to \$69,999 per year (\$2,309 to \$2,692 per fortnight)
8. \$70,000 to \$79,999 per year (\$2,693 to \$3,077 per fortnight)
9. \$80,000 to \$89,999 per year (\$3,078 to \$3,462 per fortnight)
10. \$90,000 to \$99,999 per year (\$3,463 to \$3,846 per fortnight)
11. \$100,000 to \$109,999 per year (\$3,847 to \$4,231 per fortnight)
12. \$110,000 to \$119,999 per year (\$4,232 to \$4,615 per fortnight)
13. \$120,000 to \$129,999 per year (\$4,616 to \$5,000 per fortnight)
14. \$130,000 to \$139,999 per year (\$5,001 to \$5,385 per fortnight)
15. \$140,000 to \$149,999 per year (\$5,386 to \$5,769 per fortnight)
16. \$150,000 to \$199,999 per year (\$5,770 to \$7,692 per fortnight)
17. \$200,000 to \$249,999 per year (\$7,693 to \$9,615 per fortnight)
18. \$250,000 or more per year (\$9,616 or more per fortnight)
99. Prefer not to say

A3. Where are you currently living?

1. Living in a temporary or insecure accommodation, such as boarding houses and caravan parks
2. Homeless or in a shelter or refuge
3. Living in a housing commission property, community housing or public housing
4. Living in a very short term rental (e.g. no lease or a lease of less than 6 months)
5. Living in a rental property with a private lease of 6 months or more (including sharing a flat with others)
6. Living in student accommodation
7. Living at home with my parents
8. New home owner, starting to pay off a mortgage
9. Home owner and have paid off more than 50% of my mortgage
10. Other (please specify)
99. Prefer not to say

A4. How many people aged 15 and over are living in your household on a usual night?

1. One
2. Two
3. Three
4. Four
5. Five
6. Six
7. Seven
8. Eight
9. Nine
10. Ten or more
99. Prefer not to say

A5. How many people aged under 15 are living in your household on a usual night?

1. One
2. Two
3. Three
4. Four
5. Five or more
6. None
99. Prefer not to say

A6. What is your estimated total household income for the last year (before tax and expenses)?

[Insert free text]

98. Don't know

A6.1. In order to understand how different households deal with financial stress we would appreciate an estimate of your yearly household income (before tax and expenses). Please choose from the ranges below.

1. Under \$10,000 per year (under \$385 per fortnight)
2. \$10,000 to \$19,999 per year (\$385 to \$769 per fortnight)
3. \$20,000 to \$29,999 per year (\$770 to \$1,154 per fortnight)
4. \$30,000 to \$39,999 per year (\$1,155 to \$1,538 per fortnight)
5. \$40,000 to \$49,999 per year (\$1,539 to \$1,923 per fortnight)
6. \$50,000 to \$59,999 per year (\$1,924 to \$2,308 per fortnight)
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11. \$100,000 to \$109,999 per year (\$3,847 to \$4,231 per fortnight)
12. \$110,000 to \$119,999 per year (\$4,232 to \$4,615 per fortnight)
13. \$120,000 to \$129,999 per year (\$4,616 to \$5,000 per fortnight)
14. \$130,000 to \$139,999 per year (\$5,001 to \$5,385 per fortnight)
15. \$140,000 to \$149,999 per year (\$5,386 to \$5,769 per fortnight)
16. \$150,000 to \$199,999 per year (\$5,770 to \$7,692 per fortnight)
17. \$200,000 to \$249,999 per year (\$7,693 to \$9,615 per fortnight)
18. \$250,000 or more per year (\$9,616 or more per fortnight)
99. Prefer not to say

A7. What is your level of English?

1. Very poor
2. Poor
3. Basic (neither poor nor good)
4. Good
5. Excellent
98. Don't know

A8. Do you speak a language other than English at home?

1. No, English only
2. Yes, I speak other language(s)
99. Prefer not to say

Country of Birth. Please record the country of your birth.

1. Australia
7. New Zealand
8. UK / Ireland
4. Greece
5. Italy
6. Other Europe
9. USA
3. Canada
2. Asia
10. Other

A14. Were you ever a refugee – that is, did you (or your family) ever flee from your home to another country to escape danger or persecution?

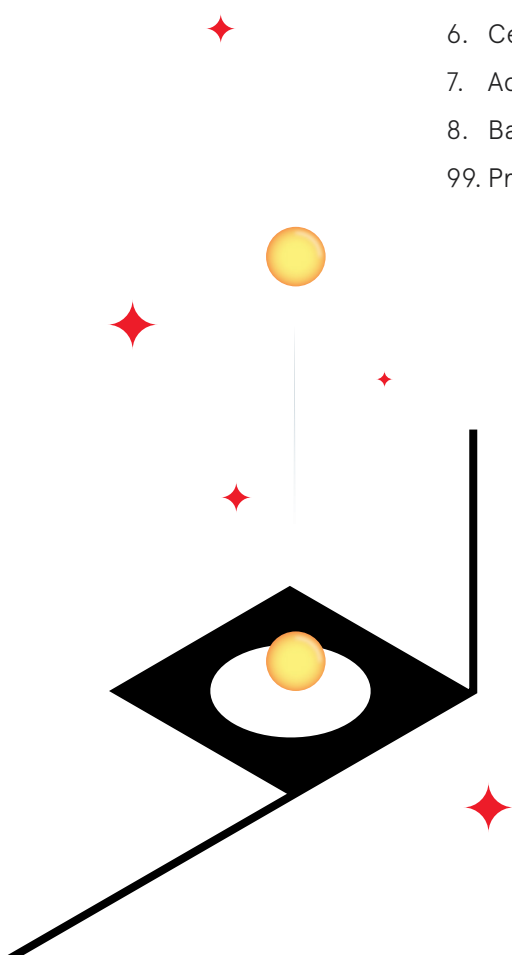
1. Yes
2. No
99. Prefer not to say

Aboriginal. Do you consider yourself to be an Aboriginal or Torres Strait Islander?

1. Yes – Aboriginal
2. Yes – Torres Strait Islander
3. No [Single]

A15. What is the highest level of education that you have already completed? If you were educated in a country other than Australia, please choose the closest option from the list.

1. Year 9 or below
2. Year 10 or 11
3. Year 12
4. Certificate (level unknown)
5. Certificate I or II
6. Certificate III or IV
7. Advanced Diploma or Diploma
8. Bachelor's degree or higher
99. Prefer not to say



Appendix 3

Methodology

This project builds on the financial resilience framework and tool developed in 2015^[1], in partnership with NAB. Furthermore, the changes in financial resilience between 2015 and 2016 were analysed and tested for statistical significance.

The financial resilience framework and tool

A multi-dimensional framework for financial resilience (Figure 1), and corresponding survey, were developed in 2015. Based on lessons from the 2015 analysis and feedback from stakeholders, the survey was further refined in 2016. The updated

survey questions can be found in Appendix 2. The scoring methodology used to assess respondents' level of resources across all four components, and their level of financial resilience overall remained the same.

Figure 1:
Components of financial resilience



Source: Muir, Reeve et al.^[15]

[1] Muir, K., et al., Financial resilience in Australia 2015. 2016, Centre for Social Impact - University of New South Wales, for National Australia Bank.

There are three to five scoring questions within each component. For each of these questions, respondents are allocated a score from 1 to 4 depending on their selected answers. To assess their overall level of resources in a component, an average total score is calculated. Based on their average total score, each respondent is allocated to one of four possible categories as per Table 1.

To determine an individual's level of financial resilience overall, their scores across all four components are averaged to calculate a financial resilience score. Again, based on their overall financial resilience score, individuals are allocated to one of four financial resilience categories as per Table 2.

Table 1:

Level of resources for components of financial resilience

Average component score	1 – 1.75	1.76 – 2.50	2.51 – 3.25	3.26 – 4
Level of resources	Very Low	Low	Moderate	High

Source: Muir, Reeve et al.^[2]

Table 2:

Level of financial resilience

Overall financial resilience score	1 – 1.75	1.76 – 2.50	2.51 – 3.25	3.26 – 4
Financial resilience category	Severe financial stress/vulnerability	High financial stress/vulnerability	Low financial stress/vulnerability	Financial security

Source: Muir, Reeve et al.^[2]

Data collection

The findings in this report are based on 2,006 survey responses, weighted to be representative of the Australian adult population across age, gender and geographic location. All respondents were aged 18+ and completed the survey online in December 2016. Further details of the sample can be found in Appendix 1.

The survey was administered by Roy Morgan Research using OzPanel, a robust online consumer panel. OzPanel is unique in that the panel is primarily recruited via random, representative, address-based sampling from the Roy Morgan Single Source survey, which incorporates approximately 50,000 interviews predominantly face-to-face in both city and country areas each year with people aged 14+.

Statistical analysis

The statistical analysis was undertaken in Stata 14.0. It explored the changes in the population's level of resources across all four components of financial resilience, and overall level of financial resilience, between 2015 and 2016.

Independent sample t-tests, Chi-square tests and analyses of variance (ANOVA) were conducted to assess the statistical significance of differences between sub-groups of the population (e.g. employed, unemployed, not in the labour force) or changes between the two years. Statistically significant differences were assessed on unweighted data.

While care has been taken during the analysis, it is important to note that some of the observed differences might be partly due to changes to the question wording and response options between 2015 and 2016. This is further discussed throughout the report, across questions where such changes were applied.

